ANIMAL RESCUE LEAGUE OF BERKS COUNTY, INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Animal Rescue League of Berks County, Inc.
Reading, Pennsylvania

Opinion

We have audited the accompanying financial statements of Animal Rescue League of Berks County, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Animal Rescue League of Berks County, Inc. as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Animal Rescue League of Berks County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Animal Rescue League of Berks County, Inc.'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 Rescue League of Berks County, Inc.'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.

Herbein + Company, Inc.

Reading, Pennsylvania
October 21, 2025

ANIMAL RESCUE LEAGUE OF BERKS COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

	June 30 2025	June 30 2024
ASSETS		
CURRENT ASSETS		
Cash	$ 649,635	$ 77,197
Contributions receivable	45,939	116,361
Bequests receivable	10,000	277,954
Accounts receivable	800	-
Prepaid expenses	58,085	27,428
Other assets	3,200	3,200
TOTAL CURRENT ASSETS	767,659	502,140
NONCURRENT ASSETS		
Investments	713,638	649,944
Beneficial interest in perpetual trusts	4,432,044	4,194,986
Property and equipment:		
Land	25,000	25,000
Construction in progress	16,704	84,590
Buildings and improvements	2,574,929	2,412,240
Land improvements	87,927	75,697
Furniture and equipment	484,663	456,528
Vehicles	409,961	409,961
Less: accumulated depreciation	(2,161,716)	(2,019,986)
Net property and equipment	1,437,468	1,444,030
TOTAL NONCURRENT ASSETS	6,583,150	6,288,960
TOTAL ASSETS	$ 7,350,809	$ 6,791,100
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Line of credit	$ -	$ 150,000
Accounts payable	54,212	115,452
Accrued payroll and taxes	104,251	76,942
Refundable advance	38,074	-
Deferred revenue	21,146	6,842
Current portion of note payable	7,165	6,458
TOTAL CURRENT LIABILITIES	224,848	355,694
NONCURRENT LIABILITIES		
Note payable, net	19,810	27,063
TOTAL LIABILITIES	244,658	382,757
NET ASSETS		
Without donor restrictions	2,486,025	1,530,154
With donor restrictions	4,620,126	4,878,189
TOTAL NET ASSETS	7,106,151	6,408,343
TOTAL LIABILITIES AND NET ASSETS	$ 7,350,809	$ 6,791,100

ANIMAL RESCUE LEAGUE OF BERKS COUNTY, INC.

STATEMENTS OF ACTIVITIES

	Year Ended June 30, 2025			Year Ended June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES						
Contributions:						
General	$ 1,121,228	$ 72,895	$ 1,194,123	$ 929,219	$ 48,506	$ 977,725
Bequests	1,465,227	10,000	1,475,227	425,919	277,953	703,872
Trust income	167,275	-	167,275	142,337	-	142,337
Grants	203,644	50,260	253,904	160,029	66,271	226,300
Contributed nonfinancial assets	107,912	-	107,912	158,937	-	158,937
Special events, net of expenses of $43,976 in 2025 and $31,171 in 2024	119,287	-	119,287	96,169	-	96,169
Program service fees	524,825	-	524,825	455,245	-	455,245
Government contracts	444,093	-	444,093	423,415	-	423,415
Bank interest income	5,063	-	5,063	-	-	-
Investment return	61,377	-	61,377	58,927	-	58,927
Net appreciation on beneficial interest in perpetual trusts	-	237,058	237,058	-	337,532	337,532
Net assets released from restrictions	628,276	(628,276)	-	393,096	(393,096)	-
TOTAL SUPPORT AND REVENUES	4,848,207	(258,063)	4,590,144	3,243,293	337,166	3,580,459
EXPENSES						
Program services	3,353,650	-	3,353,650	3,282,002	-	3,282,002
Management and general	207,865	-	207,865	183,894	-	183,894
Fundraising	330,821	-	330,821	305,864	-	305,864
TOTAL EXPENSES	3,892,336	-	3,892,336	3,771,760	-	3,771,760
CHANGE IN NET ASSETS	955,871	(258,063)	697,808	(528,467)	337,166	(191,301)
NET ASSETS AT BEGINNING OF YEAR	1,530,154	4,878,189	6,408,343	2,058,621	4,541,023	6,599,644
NET ASSETS AT END OF YEAR	$ 2,486,025	$ 4,620,126	$ 7,106,151	$ 1,530,154	$ 4,878,189	$ 6,408,343

See accompanying notes.

ANIMAL RESCUE LEAGUE OF BERKS COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2025

	Program Services	Management and General	Fundraising	Total
SALARIES AND BENEFITS				
Salaries	$ 1,970,478	$ 132,830	$ 210,055	$ 2,313,363
Payroll taxes	160,770	10,813	16,932	188,515
Employee benefits	142,921	8,088	7,916	158,925
TOTAL SALARIES AND BENEFITS	2,274,169	151,731	234,903	2,660,803
Advertising	10,968	-	798	11,766
Auto expenses	15,866	28	-	15,894
Bank and credit card fees	13,696	350	14,529	28,575
Clinical subcontractors	14,212	-	-	14,212
Clinical supplies	104,238	-	-	104,238
Cremations	15,190	-	-	15,190
Dog licenses	2,511	-	-	2,511
Dues, licenses, taxes	4,877	1,862	1,512	8,251
Extended animal services	3,012	-	-	3,012
Insurance	112,071	170	4,677	116,918
Interest expense	6,379	-	-	6,379
Kennel supplies	279,714	-	-	279,714
Miscellaneous expense	2,316	399	1,003	3,718
Occupancy	60,511	1,287	2,575	64,373
Office expense	42,189	2,679	19,125	63,993
Professional fees	11,820	38,896	-	50,716
Repairs and maintenance	44,073	-	3	44,076
Staff and board development	41,484	1,553	1,555	44,592
Store supplies	8,910	-	-	8,910
Technology	63,916	5,410	46,143	115,469
Telephone	23,396	498	996	24,890
Veterinary expense	54,018	-	-	54,018
	3,209,536	204,863	327,819	3,742,218
Depreciation	144,114	3,002	3,002	150,118
TOTAL EXPENSES	$ 3,353,650	$ 207,865	$ 330,821	$ 3,892,336

ANIMAL RESCUE LEAGUE OF BERKS COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024

	Program Services	Management and General	Fundraising	Total
SALARIES AND BENEFITS				
Salaries	$ 1,922,241	$ 112,856	$ 204,628	$ 2,239,725
Payroll taxes	159,119	9,325	16,936	185,380
Employee benefits	140,378	7,006	9,897	157,281
TOTAL SALARIES AND BENEFITS	2,221,738	129,187	231,461	2,582,386
Advertising	5,799	-	139	5,938
Auto expenses	20,327	3	-	20,330
Bank and credit card fees	2,289	351	7,159	9,799
Clinical subcontractors	16,694	-	-	16,694
Clinical supplies	96,875	-	-	96,875
Cremations	15,646	-	-	15,646
Dog licenses	3,638	-	-	3,638
Dues, licenses, taxes	4,231	1,412	1,800	7,443
Extended animal services	3,040	-	-	3,040
Insurance	96,026	1,202	6,206	103,434
Interest expense	5,090	-	-	5,090
Kennel supplies	345,552	-	-	345,552
Miscellaneous expense	889	-	5,313	6,202
Occupancy	62,573	1,360	4,081	68,014
Office expense	39,912	2,445	22,100	64,457
Professional fees	13,703	20,684	-	34,387
Repairs and maintenance	27,130	894	304	28,328
Staff and board development	17,020	13,557	240	30,817
Store supplies	8,643	-	-	8,643
Technology	78,831	9,713	22,952	111,496
Telephone	23,527	511	1,534	25,572
Veterinary expense	49,212	-	-	49,212
	3,158,385	181,319	303,289	3,642,993
Depreciation	123,617	2,575	2,575	128,767
TOTAL EXPENSES	$ 3,282,002	$ 183,894	$ 305,864	$ 3,771,760

ANIMAL RESCUE LEAGUE OF BERKS COUNTY, INC.

STATEMENTS OF CASH FLOWS

	Year Ended June 30 2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 697,808	$ (191,301)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	150,118	128,767
Unrealized gain on investments	(37,815)	(43,549)
Change in value of beneficial interest in perpetual trusts	(237,058)	(337,532)
Contributions restricted for long-term capital needs	(71,980)	(62,500)
Change in:		
Contribution, bequest and other receivables	337,576	372,845
Prepaid expenses	(30,657)	8,515
Accounts payable	(38,504)	(43,452)
Accrued expenses	-	(1,083)
Accrued payroll and taxes	27,309	3,805
Refundable advance	38,074	-
Deferred revenue	14,304	(19,335)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	849,175	(184,820)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	167,915	12,262
Purchase of investments	(193,794)	(27,123)
Purchase of property and equipment	(166,292)	(209,683)
NET CASH USED BY INVESTING ACTIVITIES	(192,171)	(224,544)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions for long-term purposes	71,980	62,500
Advances on line of credit	-	150,000
Repayment of line of credit	(150,000)	-
Repayment of note payable	(6,546)	(5,900)
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	(84,566)	206,600
NET INCREASE (DECREASE) IN CASH	572,438	(202,764)
CASH AT BEGINNING OF YEAR	77,197	279,961
CASH AT END OF YEAR	$ 649,635	$ 77,197
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 6,379	$ 5,090

See accompanying notes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities
Animal Rescue League of Berks County, Inc. (the "Organization") is a nonprofit organization serving Berks County. The Organization's mission is to protect animals, provide a safe haven, and promote innovative programs and services to help both people and animals in need throughout Berks County. It provides shelter and care for unwanted and homeless animals. The services they provide are an adoption program; investigation of animal abuse; educational programs for school children and community groups; a surgery center with spaying, neutering, and vaccine clinics. The Organization strives to continue to perform as a no kill shelter, meaning no animals will be euthanized due to space constraints.

Basis of Accounting
The financial statements of Animal Rescue League of Berks County, Inc. have been prepared on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America.

Cash
For purposes of reporting cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

At various times during the year, the Organization had cash balances in excess of the federally insured limit in deposit accounts at one local bank.

Contribution and Bequest Receivables
Generally, program service revenues are recognized and collected at the point of sale so receivables are minimal. The contribution and bequest receivables are based on net realizable value upon receipt of the contribution or pledge or notification of the bequest beneficiary status and amount. The Organization uses the direct write-off method and only charges off the contribution and bequest receivables when management determines the receivable will not be collected.

Investments
The Organization's investments are composed of mutual funds and equity securities carried at fair value. Fair value of securities is determined by quoted market price. Unrealized gains and losses are included in the net gain or loss on investments in the statements of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property and Equipment

Purchased property and equipment are capitalized at cost. The Organization's policy is to capitalize any assets in excess of $2,500 with an estimated useful life of more than one year. Donations of property and equipment are recorded as contributions at their fair market value. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings and improvements	10 - 40 years
Land improvements	10 - 25 years
Furniture and equipment	5 - 10 years
Vehicles	5 years

Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized. Upon retirement, sale, or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and gain or loss is included in operations.

Construction in progress is stated at cost and consists primarily of costs incurred in the construction of building improvements. No provision for depreciation is made on construction in progress until the assets are complete and placed into service.

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value of the impaired asset. Fair value estimates are based on assumptions concerning the amount and timing of the estimated future cash flows and the discounted rates reflecting varying degrees of perceived risk. Management has concluded that no impairment adjustments were required during the years ended June 30, 2025 and 2024.

Net Assets

The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - Net assets without donor restrictions include funds not subject to donor-imposed stipulations. In general, the revenues received, and expenses incurred in conducting the Organization's charitable mission are included in this category.

Net Assets With Donor Restrictions - Net assets with donor restrictions include gifts, grants, and pledges whose use by the Organization has been limited by donors to later periods of time or after specified dates, or to specified purposes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net Assets - continued

The Organization reports gifts of cash and other assets as revenue with donor restrictions 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 purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

Contribution Revenue

The Organization recognizes revenue from contributions in accordance with Accounting Standards Update ASU 2018-08, *Not-For-Profit Entities* (Topic 958); *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, the Organization evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization applies guidance under ASC-606. If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised, and (2) a right of return of assets transferred or a right or release of a promisor’s obligation to transfer assets.

The Organization recognizes unconditional contributions and conditional contributions in which the conditions have been met or waived by the donor as support with or without donor restrictions, depending on the existence or nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is recognized are recognized as revenues without donor restrictions.

In addition to contributions, bequests and trust income; grants are considered nonreciprocal transactions and follow the guidance for contributions. Grants are recorded as support when the conditions are met, including incurring related costs and/or meeting program requirements. At June 30, 2025 and 2024, conditional contributions included in refundable advance on the statements of financial position totaled $38,074 and $0, respectively.

The Organization has deferred revenues related to contributions of $250 and $500 at June 30, 2025 and 2024, respectively.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributed Nonfinancial Assets

Contributed nonfinancial assets are presented as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service (as the assets are used in the Organization's activities). Contributed nonfinancial assets are reflected in the accompanying financial statements at their estimated fair value at the date of receipt.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. A number of unpaid volunteers, which include the directors of the Organization, have made significant contributions of their time toward developing and achieving the Organization's goals and objectives. However, no amounts have been included in the financial statements for donated director or volunteer services, since they do not meet the criteria for recognition.

Revenue Recognition

The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB), Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (ASC 606), which applies to exchange transactions with customers that are bound by contract or similar arrangement and established a performance obligation approach to revenue recognition. Program revenues are generally paid in advance or at point of sale and therefore the Organization has no material revenue streams resulting in accounts receivable or credit loss measurements applicable. The Organization records the following exchange transaction revenue in its statements of activities:

<u>Special Events</u>

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event (the exchange component), and a portion represents a contribution to the Organization. The fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as costs of direct donor benefits in the statements of activities. The performance obligation is delivery of the event. For special event fees received before year-end for an event to occur after year-end, the Organization treats the inherent contribution as conditioned on the event taking place and is therefore treated as deferred revenue along with the exchange component. The deferred revenue balances for special events are $7,500 at June 30, 2025, $625 at June 30, 2024, and $6,000 at July 1, 2023. These revenues will be recognized when the event takes place.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition - continued

Program Service Fees

The Organization's program services include adoption and medical services. The performance obligation is met, and revenue is recognized at the time of service or sale. The deferred revenue balances for deposits on medical services are $5,880 at June 30, 2025. There was no deferred revenue related to medical services at June 30, 2024 or July 1, 2023.

Government Contracts

The Organization has contracts with several municipalities in Berks County to provide animal control services. Contracts are annual starting January 1st. The contracts are billed quarterly based on a contract with a set fee based on per capita. Revenue is recognized over the annual period of the service. The deferred revenue balances for these contracts are $7,516 at June 30, 2025, $5,717 at June 30, 2024, and $13,347 at July 1, 2023. These revenues will be recognized over the period the services are rendered.

Advertising Costs

The Organization expenses advertising costs when the advertising occurs. Advertising expense for the years ended June 30, 2025 and 2024 was $11,766 and $5,938, respectively.

Functional Expense Allocations

Expenses that can be identified with specific programs and support services are allocated directly to their natural expenditure classification. Expenses relating to more than one function are allocated to program and supporting services based on the Organization's estimate of time spent by key personnel between functions and related expenses incurred for the programs and supporting services benefited.

Tax-Exempt Status

The Organization has been granted tax-exempt status by the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code. The Organization annually files federal and state information returns as required. There is no current year provision for federal or state income taxes.

In accordance with generally accepted accounting principles, the Organization accounts for uncertain tax positions relative to unrelated business income, if any, as required.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Use of 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, including functional allocations, during the reporting period. Actual results could differ from those estimates.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition through October 21, 2025, the date the financial statements were available to be issued.

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following table represents investments held at June 30:

	2025	2024
Money market funds	$ 9,010	$ 7,264
Mutual funds	700,057	638,109
Equity securities	4,571	4,571
	$ 713,638	$ 649,944

Investment return is as follows for the years ended June 30:

	2025	2024
Interest and dividend income	$ 23,605	$ 17,291
Realized gain on investments	6,187	3,794
Unrealized gain on investments	37,815	43,549
Investment fees	(6,230)	(5,707)
Total investment return	$ 61,377	$ 58,927

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

Financial accounting standards require the use of fair value measurement. The Organization, in accordance with generally accepted accounting principles, has applied fair value measurement and disclosure in these financial statements as follows:

That framework provides 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 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets;
- Quoted prices for identical or similar assets and liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025 and 2024.

Long-Term Investments
Mutual funds and equity securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Beneficial Interest in Perpetual Trusts
The Organization is the beneficiary of several perpetual trusts which are held by banks and trust companies. The banks and trust companies hold the investments in diversified and balanced portfolios consisting of cash and money market funds, corporate and government debt securities, equity securities and mutual funds, fixed income mutual funds, and limited investment partnerships. These investments are valued by the trust managers based on the quoted market prices for shares held or current bid price of held funds.

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

The methods described previously may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its reliance on the valuation methods of the trust managers is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30:

	2025			
	Level 1	Level 2	Level 3	Total
Mutual funds	$ 700,057	$ -	$ -	$ 700,057
Equity securities	4,571	-	-	4,571
Beneficial interest in perpetual trust	-	-	4,432,044	4,432,044
Total	$ 704,628	$ -	$ 4,432,044	$ 5,136,672

	2024			
	Level 1	Level 2	Level 3	Total
Mutual funds	$ 638,109	$ -	$ -	$ 638,109
Equity securities	4,571	-	-	4,571
Beneficial interest in perpetual trust	-	-	4,194,986	4,194,986
Total	$ 642,680	$ -	$ 4,194,986	$ 4,837,666

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the years ended June 30:

	Beneficial Interest in Perpetual Trusts	
	2025	2024
Balance, beginning of year	$ 4,194,986	$ 3,857,454
Net appreciation	237,058	337,532
Balance, end of year	$ 4,432,044	$ 4,194,986

NOTE 3 - BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The Organization is a beneficiary of several perpetual charitable trusts held by several financial institutions' trust departments. The Organization has recorded its proportionate share of the fair value of the principal of the trusts. Agreement terms provide that the Organization is to receive their proportionate share of the net income earned by the funds which are held in trust. Distributions from the trusts are recorded as trust income and amounted to $167,275 and $142,337 for the years ended June 30, 2025 and 2024, respectively. The value of the trusts recorded was $4,432,044 and $4,194,986 at June 30, 2025 and 2024, respectively. The change in market value has been recorded as net appreciation in beneficial interest in trusts for the years ended June 30, 2025 and 2024 of $237,058 and $337,532, respectively.

NOTE 4 - LINE OF CREDIT

The Organization has a business line of credit with a financial institution in the amount of $350,000 and $250,000 as of June 30 2025 and 2024, respectively. The interest rate is equal to the bank's prime rate (7.5% and 8.5% at June 30, 2025 and 2024, respectively) with a floor of 3.25%. There was no outstanding balance at June 30, 2025. The outstanding balance at June 30, 2024 was $150,000. The line of credit is collateralized by all assets of the Organization. Total interest paid on the line of credit for the years ended June 30, 2025 and 2024 was $3,766 and $1,741, respectively.

The Organization paid off the line of credit in full during the year ended June 30, 2025.

NOTE 5 - NOTE PAYABLE

Long-term debt obligations of the Organization are summarized as follows as of June 30:

	2025	2024
Note payable to Tompkins Bank with monthly payments of $958, including interest at 4.0% through May 1, 2020. Thereafter, the interest rate becomes variable at the Wall Street Prime Rate plus 0.50% (8.00% at June 30, 2025 and 9.00% at June 30, 2024) with monthly payments of $949 beginning June 1, 2020. Due to making additional principal payments the monthly payment amount has been adjusted to $758 as of June 30, 2025 and $772 as of June 30, 2024. Final payment is due November 1, 2028. The note is unsecured.	$ 26,975	$ 33,521
Less: current portion	(7,165)	(6,458)
Note payable, net	$ 19,810	$ 27,063

Maturities on the note payable are as follows for the years ending June 30:

2026	$ 7,165
2027	7,770
2028	8,425
2029	3,615
	$ 26,975

Maturity of the note payable is calculated using a rate of 8.00% through maturity.

Total interest paid on the note payable for the years ended June 30, 2025 and 2024 was $2,613 and $3,349, respectively.

NOTE 6 - NET ASSETS

The Organization's net assets without donor restrictions are comprised of undesignated funds. From time to time, the Board may designate funds a portion of net assets for specific purposes which would be included with net assets without donor restrictions.

Net assets with donor restrictions, are summarized as follows at June 30:

	2025	2024
Time and purpose:		
Adoption fees for veterans	$ 9,208	$ 10,017
Capital improvements and purchases	80,678	169,358
Cat snip program	1,605	20,765
Community engagement - cat project	27,156	-
Dog and cat enrichment	-	4,097
Good pups program	5,492	8,504
Subaru loves pets event	-	4,000
Staff lunches and wellness	4,924	7,412
Senior and long staying pet adoptions	7,262	-
Surgery costs	18,653	28,825
Marian Snyder - special projects	23,104	52,271
Time restricted	10,000	377,954
Total time and purpose	188,082	683,203
Perpetuity:		
Beneficial interest in perpetual trusts	4,432,044	4,194,986
Total net assets with donor restrictions	$ 4,620,126	$ 4,878,189

NOTE 6 - NET ASSETS - CONTINUED

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes as follows for the years ended June 30:

	2025	2024
Time and purpose:		
Adoption fees for veterans	$ 6,210	$ 4,591
Capital improvements and purchases	123,730	137,496
Cat snip program	20,765	15,785
Dog and cat enrichment	4,097	-
Good pups program	3,012	1,813
Senior pet adoptions	-	1,197
Subaru loves pets	4,000	-
Staff lunches and wellness	7,412	-
Surgery costs	28,825	32,524
Marian Snyder - special projects	52,271	-
Time restricted	377,954	199,690
	$ 628,276	$ 393,096

NOTE 7 - CONTRIBUTED NONFINANCIAL ASSETS

The value of contributed services and materials provided by local businesses and individuals to benefit the Organization included with revenue in the accompanying financial statements totaled $107,912 and $158,937 for the year ended June 30, 2025 and 2024,respectively.

Contributed nonfinancial assets consist of the following for the years ended June 30:

	2025	2024
Animal food and supplies	$ 96,847	$ 137,689
Storage space	3,828	4,050
Medical supplies	7,237	17,198
	$ 107,912	$ 158,937

NOTE 7 - CONTRIBUTED NONFINANCIAL ASSETS - CONTINUED

Valuation Techniques:
Contributed services are recognized as contributed nonfinancial assets at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased, if they were not donated. Contributed services are valued using current rates for similar services and contributed materials are valued using current prices for similar items.

Donor Restrictions:
There are no restrictions on contributed nonfinancial assets donations at year end. The Organization does not sell contributed nonfinancial assets and only utilizes the services and materials for their programs.

NOTE 8 - RETIREMENT PLAN

The Organization established a SIMPLE IRA retirement plan in which employees may contribute to the Plan through a payroll deduction. A signed SIMPLE IRA salary reduction agreement is on file for each employee who has elected to be in the retirement plan. The Organization will match the employee contribution up to 3% of the employee's salary. The expenses for the years ended June 30, 2025 and 2024 were $28,039 and $32,824, respectively.

NOTE 9 - AVAILABILITY OF FINANCIAL RESOURCES

The following reflects the Organization's financial assets as of June 30, 2025 and 2024, reduced by amounts not available for general use within one year because of donor-imposed restrictions. The Organization's financial assets include cash, receivables, investments, and beneficial interest in perpetual trusts. The Organization has restricted funds.

	June 30, 2025	June 30, 2024
Cash	$ 649,635	$ 77,197
Receivables	56,739	394,315
Investments	713,638	649,944
Beneficial interest in perpetual trusts	4,432,044	4,194,986
Total financial assets	5,852,056	5,316,442
Less:		
Amounts unavailable for general expenses within one year, due to:		
Restricted by donors with purpose restrictions	(178,082)	(305,249)
Bequest receivable - time restricted	(10,000)	(277,954)
Donor restricted perpetual trusts	(4,432,044)	(4,194,986)
Total financial assets available to meet cash needs for general expenses within one year	$ 1,231,930	$ 538,253

As part of the Organization's liquidity management, it has a policy to structure its financial assets to become available as its general expenditures, liabilities, and other obligations become due. To help manage unanticipated liquidity needs, the Organization has a line of credit of $350,000 which it could draw upon. At June 30, 2025 the Organization has no draws on the line of credit. At June 30, 2024 the Organization has drawn $150,000 on this line of credit.