



**FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

MT. PLEASANT ANIMAL SHELTER, INC.

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CURCHIN

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mt. Pleasant Animal Shelter, Inc.
East Hanover, New Jersey

Opinion

We have audited the accompanying financial statements of Mt. Pleasant Animal Shelter, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, 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 Mt. Pleasant Animal Shelter, Inc. as of June 30, 2022 and 2021, 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 Mt. Pleasant Animal Shelter, 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 Mt. Pleasant Animal Shelter, 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

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Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 Mt. Pleasant Animal Shelter, 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 Mt. Pleasant Animal Shelter, 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.



THE CURCHIN GROUP, LLC

Red Bank, New Jersey
June 14, 2023

MT. PLEASANT ANIMAL SHELTER, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30,

	2022	2021
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 368,039	\$ 730,680
Investments	850,928	580,221
Prepaid expenses	7,183	4,837
Contributions receivable	6,424	-
Bequests receivable	63,151	380,018
Total Current Assets	1,295,725	1,695,756
OTHER ASSETS:		
Grantor trust	559,874	708,350
Deposits	-	200
Property and equipment, net	189,319	185,457
Total Other Assets	749,193	894,007
	\$ 2,044,918	\$ 2,589,763
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 75,935	\$ 54,005
Deferred event revenue	5,068	-
Capital lease payable - current portion	-	3,508
Total Current Liabilities	81,003	57,513
PPP loan payable	-	111,817
Total Liabilities	81,003	169,330
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Without donor restrictions	1,349,059	1,651,043
With donor restrictions	614,856	769,390
Total Net Assets	1,963,915	2,420,433
	\$ 2,044,918	\$ 2,589,763

See accompanying notes to financial statements.

MT. PLEASANT ANIMAL SHELTER, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES (LOSSES) AND OTHER SUPPORT:			
Bequests	\$ 73,151	\$ -	\$ 73,151
Contributions	864,324	15,000	879,324
Pet adoption revenue	127,840	-	127,840
Special event revenue - net of expenses of \$9,923	22,596	-	22,596
Contributions of nonfinancial assets	37,875	-	37,875
Interest and dividends	41,119	-	41,119
Realized net gain on investments	7,352	-	7,352
Unrealized net (losses) on investments	(236,014)	-	(236,014)
Change in value of grantor trust	-	(148,476)	(148,476)
Gain on extinguishment of debt	111,817	-	111,817
Miscellaneous income	<u>1,621</u>	<u>-</u>	<u>1,621</u>
Total revenues (losses) and other support	<u>1,051,681</u>	<u>(133,476)</u>	<u>918,205</u>
EXPENSES:			
Program services - Animal Shelter and Care	910,234	-	910,234
Supporting services:			
Management and general	249,959	-	249,959
Fundraising	<u>214,530</u>	<u>-</u>	<u>214,530</u>
Total expenses	<u>1,374,723</u>	<u>-</u>	<u>1,374,723</u>
NET ASSETS RELEASED FROM RESTRICTION	<u>21,058</u>	<u>(21,058)</u>	<u>-</u>
CHANGE IN NET ASSETS	(301,984)	(154,534)	(456,518)
NET ASSETS - BEGINNING OF YEAR	<u>1,651,043</u>	<u>769,390</u>	<u>2,420,433</u>
NET ASSETS - END OF YEAR	<u>\$ 1,349,059</u>	<u>\$ 614,856</u>	<u>\$ 1,963,915</u>

See accompanying notes to financial statements.

MT. PLEASANT ANIMAL SHELTER, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT:			
Bequest	\$ 421,192	\$ -	\$ 421,192
Contributions	631,828	31,058	662,886
Pet adoption revenue	118,319	-	118,319
Special event revenue - net of expenses of \$6,657	14,087	-	14,087
Contributions of nonfinancial assets	49,875	-	49,875
Interest and dividends	30,830	-	30,830
Realized net gain on investments	39,478	-	39,478
Unrealized net gains on investments	24,968	-	24,968
Change in value of grantor trust	-	131,893	131,893
Gain on extinguishment of debt	138,465	-	138,465
Miscellaneous income	4,171	-	4,171
	<u>1,473,213</u>	<u>162,951</u>	<u>1,636,164</u>
EXPENSES:			
Program services - Animal Shelter and Care	884,344	-	884,344
Supporting services:			
Management and general	230,719	-	230,719
Fundraising	171,451	-	171,451
	<u>1,286,514</u>	<u>-</u>	<u>1,286,514</u>
Total expenses	<u>1,286,514</u>	<u>-</u>	<u>1,286,514</u>
NET ASSETS RELEASED FROM RESTRICTION	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	186,699	162,951	349,650
NET ASSETS - BEGINNING OF YEAR	<u>1,464,344</u>	<u>606,439</u>	<u>2,070,783</u>
NET ASSETS - END OF YEAR	<u>\$ 1,651,043</u>	<u>\$ 769,390</u>	<u>\$ 2,420,433</u>

See accompanying notes to financial statements.

**MT. PLEASANT ANIMAL SHELTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, payroll taxes and benefits	\$ 513,620	\$ 179,141	\$ 92,243	\$ 785,004
Veterinary fees	117,906	-	-	117,906
Program costs - animal care and supplies	91,889	-	-	91,889
Accounting fees	-	33,786	-	33,786
Advertising and promotion	3,501	-	-	3,501
Bank and processing fees	12,265	-	-	12,265
Computer expenses	-	8,127	-	8,127
Conferences	-	16	-	16
Consultants	-	3,945	-	3,945
Depreciation	26,911	-	-	26,911
Dues and subscriptions	-	418	-	418
Fundraising costs	-	-	122,287	122,287
Insurance	41,795	-	-	41,795
Contributed non-financial asset expense	37,875	-	-	37,875
Miscellaneous	-	225	-	225
Occupancy	60,434	-	-	60,434
Postage and shipping	-	3,833	-	3,833
Printing and publications	-	791	-	791
Professional Fees	-	10,000	-	10,000
Supplies	-	9,609	-	9,609
Interest	-	68	-	68
Telephone	4,038	-	-	4,038
	<u>\$ 910,234</u>	<u>\$ 249,959</u>	<u>\$ 214,530</u>	<u>\$ 1,374,723</u>
	<u>66%</u>	<u>18%</u>	<u>16%</u>	<u>100%</u>

See accompanying notes to financial statements.

MT. PLEASANT ANIMAL SHELTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services	Management and General	Fundraising	Total
Salaries, payroll taxes and benefits	\$ 463,512	\$ 153,325	\$ 30,158	\$ 646,995
Veterinary fees	54,488	-	-	54,488
Program costs - animal care and supplies	105,160	-	-	105,160
Accounting fees	-	31,758	-	31,758
Advertising and promotion	4,783	-	-	4,783
Bank and processing fees	12,371	-	-	12,371
Computer expenses	-	14,402	-	14,402
Conferences	-	922	-	922
Consultants	80,195	3,418	22,868	106,481
Depreciation	23,934	-	-	23,934
Dues and subscriptions	-	1,981	-	1,981
Fundraising costs	-	-	118,425	118,425
Insurance	40,800	-	-	40,800
Contributed nonfinancial asset expense	49,875	-	-	49,875
Miscellaneous	490	-	-	490
Occupancy	44,597	-	-	44,597
Postage and shipping	-	4,994	-	4,994
Printing and publications	-	7,486	-	7,486
Supplies	-	12,240	-	12,240
Interest	-	193	-	193
Telephone	4,139	-	-	4,139
	<u>\$ 884,344</u>	<u>\$ 230,719</u>	<u>\$ 171,451</u>	<u>\$ 1,286,514</u>

See accompanying notes to financial statements.

MT. PLEASANT ANIMAL SHELTER, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30,

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (456,518)	\$ 349,650
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Stock donations	-	(4,377)
Realized gain on investments	(7,352)	(39,478)
Unrealized net (gain) loss on investments	236,014	(24,968)
Gain on extinguishment of debt	(111,817)	(138,465)
Loss on disposal of property and equipment	-	695
Change in value of grantor trust	148,476	(131,893)
Depreciation	26,911	23,934
Changes in operating assets and liabilities:		
Prepaid expenses	(2,346)	1,356
Grants receivable	(6,424)	-
Bequests receivable	316,867	(339,440)
Deposits	200	3,600
Accounts payable and accrued expenses	21,930	10,985
Deferred event revenue	5,068	-
Net cash flows from operating activities	171,009	(288,401)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(30,773)	(45,938)
Purchases of investments	(581,587)	(621,159)
Sales of investments	82,218	1,291,260
Net cash flows from investing activities	(530,142)	624,163
CASH FLOWS FROM FINANCING ACTIVITIES:		
PPP loan proceeds	-	111,817
Payments on capital lease	(3,508)	(3,383)
Net cash flows from financing activities	(3,508)	108,434
NET CHANGE IN CASH AND CASH EQUIVALENTS	(362,641)	444,196
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	730,680	286,484
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 368,039	\$ 730,680
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid:		
Interest	\$ 68	\$ 193

See accompanying notes to financial statements.

MT. PLEASANT ANIMAL SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Organization - Mt. Pleasant Animal Shelter, Inc. (the "Shelter") was incorporated under the laws of New Jersey as a nonprofit organization. The Shelter owns and operates an animal shelter in northern New Jersey and was formed to provide care to homeless animals while trying to have them adopted by people wishing to own a pet.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires estimates and assumptions to be made 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 reported period. Actual results could differ from those estimates.

Date of Management's Review - In preparing the financial statements, the Shelter has evaluated events and transactions for potential recognition or disclosure through June 14, 2023, the date the financial statements were available to be issued.

Classification of Net Assets - The Shelter 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 that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Shelter's management and the board of directors.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Shelter and/or the passage of time are classified as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. When net assets with donor restrictions are received and the restriction expires in the same reporting period, these assets are classified as net assets without donor restrictions.

Basis of Presentation - The accompanying financial statements are presented on the accrual basis of accounting which reflects income when earned and expenses when incurred. Assets and liabilities are recognized when the assets are acquired or liabilities are incurred.

Cash and Cash Equivalents - Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less when acquired.

Property and Equipment - The Shelter capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as assets or contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Shelter reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Shelter reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to forty years. Expenditures for maintenance, repairs, and minor renewals are charged to expense as incurred; additions and major renewals considered to be betterments are capitalized.

MT. PLEASANT ANIMAL SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:
(Continued)

Impairment of Long-Lived Assets - The Shelter reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the years ended June 30, 2022 and 2021.

Income Taxes - Mt. Pleasant Animal Shelter, Inc. is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and therefore no provision for Federal and State income taxes is necessary. There was no unrelated business income for the fiscal years ended June 30, 2022 and 2021.

The Shelter follows the accounting guidance for uncertain income tax positions, which clarifies the accounting and recognition for tax positions taken or expected to be taken in its income tax returns. The Shelter recognizes the tax benefits from uncertain tax positions only if it is more likely than not that a tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The Shelter has not incurred any interest or penalties related to income tax expense during the years ended June 30, 2022 and 2021.

Support and Revenue Recognition - Bequests, foundation grants, and contributions are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires or is satisfied in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when 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 as net assets released from restrictions.

Pet adoption revenue is recognized in accordance with, *Revenue from Contracts with Customers (Topic 606)*, as amended. The performance obligation is the delivery of the merchandise ("Pet") to the customer, and revenue is recorded at that point in time. Pets are adopted with a right of return, for a fee ("Surrender"). As such, the Shelter does not record an estimate in its financial statements for a liability for such returns. Surrender fees are included in Pet adoption revenues when recorded at that point in time.

Contributed Services and Materials - The Shelter reports the fair value of donated goods over which it has control (i.e., variance power) as support, without donor restrictions, and immediately thereafter, as expense when donated to the Shelter. The Shelter did not monetize any contributed nonfinancial assets and unless otherwise noted, contributed nonfinancial assets did not have donor restrictions. The value of contributed services and materials meeting the requirements for recognition has been recorded in the financial statements (see Note 11). Additionally, a number of volunteers have donated a significant number of hours to the Organization. Although these services do not meet the criteria for recognition under generally accepted accounting principles, they are integral to the Organization's mission.

Functional Allocation of Expenses - The costs of providing the Shelter programs and supporting services in the accompanying statement of functional expenses are based on management's estimates of the proportion of time spent providing those services.

Advertising and Promotion - The Shelter expenses the cost of advertising as incurred. The cost of paid advertising expensed was \$3,501 and \$4,783 for the years ended June 30, 2022 and 2021, respectively. The Shelter receives web-advertising which is recorded as a contributed nonfinancial asset for the value of the advertising received. See Note 11 for the value of the donated advertising.

**MT. PLEASANT ANIMAL SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:
(Continued)**

New Accounting Pronouncement - The Shelter adopted the provisions of FASB Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, and make disclosures disaggregating the amount of contributed nonfinancial assets recognized by category depicting the type of contributed nonfinancial asset. In addition, additional disclosures of qualitative information relating to utilization or monetization of the contributed nonfinancial assets, descriptions of any donor-imposed restrictions associated with the contributed nonfinancial assets, and descriptions of the valuation techniques and inputs used to arrive at a fair value measure at initial recognition and other related market information is required for each category of contributed nonfinancial asset recognized. Additional disclosures are also required for recognized contributed services. The Shelter adopted this guidance as of July 1, 2021 with no significant impact on the financial statements, with the exception of increased disclosures.

NOTE 2 - BEQUESTS RECEIVABLE:

Bequests receivable amounting to \$63,151 and \$380,018 as of June 30, 2022 and 2021, respectively, represent unconditional promises to give and are receivable in less than one year.

Uncollectible amounts for bequests receivable are expected to be insignificant. Accordingly, no provision is made for uncollectible amounts.

NOTE 3 - INVESTMENTS:

The portfolio of investments is carried at fair value. For donated investments, cost is determined to be fair market value at the date of gift.

Fair values and unrealized gains and losses pertaining to the investment portfolio as of June 30, 2022 and 2021 are as follows:

	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>
June 30, 2022				
Exchange traded funds	\$ 778,059	\$ -	\$ 123,908	\$ 654,151
Publicly traded equity securities	<u>283,915</u>	<u>2,849</u>	<u>89,987</u>	<u>196,777</u>
	<u>\$1,061,974</u>	<u>\$ 2,849</u>	<u>\$ 213,895</u>	<u>\$ 850,928</u>
June 30, 2021				
Exchange traded funds	\$ 430,046	\$ 21,985	\$ -	\$ 452,031
Publicly traded equity securities	<u>125,208</u>	<u>4,470</u>	<u>1,488</u>	<u>128,190</u>
	<u>\$ 555,254</u>	<u>\$ 26,455</u>	<u>\$ 1,488</u>	<u>\$ 580,221</u>

NOTE 4 - GRANTOR TRUST:

The Serenne Everett Trust is a restricted trust and is considered by PNC, the Trustee Bank, to be a private foundation. Therefore, the annual benefit to the shelter is generally limited to investment income. Specifically, the shelter receives annually the Required Minimum Distribution of approximately 5% of the average market value. However, the Trustee may distribute limited amounts of the principal as the Trustee, in its sole discretion, determines appropriate for the purpose of acquiring or making

**MT. PLEASANT ANIMAL SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE 4 - GRANTOR TRUST: (Continued)

improvements to land or other capital assets. The required minimum distribution is recorded as an unrestricted contribution, since there were no restrictions set by the grantor.

The value of the trust as of June 30, 2022 and 2021 was \$559,874 and \$708,350, respectively.

NOTE 5 - AVAILABILITY AND LIQUIDITY:

The Shelter's financial assets available for general expenditure within one year of the statement of financial position at June 30, 2022 are as follows:

Cash and equivalents	\$ 368,039
Investments	850,928
Bequests and other receivables expected to be collected within one year	69,575
Grantor trust	<u>559,874</u>
Total financial assets	<u>1,848,416</u>
Contractual or donor-imposed restrictions	
Grantor trust	(559,874)
Donor restricted	<u>(54,982)</u>
	<u>(614,856)</u>
Financial assets available to meet general expenditures in the next twelve months	<u>\$ 1,233,560</u>

The Shelter's goal is to maintain financial assets to meet at least 180 days of operating expenditures.

NOTE 6 - FAIR VALUE MEASUREMENT:

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Shelter has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Shelter's own data).

**MT. PLEASANT ANIMAL SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE 6 - FAIR VALUE MEASUREMENT: (Continued)

The following tables set forth by level, within the fair value hierarchy, the Shelter's assets at fair value as of June 30, 2022 and 2021:

	<u>Fair Value</u>	<u>Fair Value Measurement Using:</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>June 30, 2022:</u>				
Investments:				
Exchange traded funds	\$ 654,151	\$ 654,151	\$ -	\$ -
Publicly traded equity securities	<u>196,777</u>	<u>196,777</u>	<u>-</u>	<u>-</u>
	<u>\$ 850,928</u>	<u>\$ 850,928</u>	<u>\$ -</u>	<u>\$ -</u>
Grantor trust	<u>\$ 559,874</u>	<u>\$ 559,874</u>	<u>\$ -</u>	<u>\$ -</u>
<u>June 30, 2021:</u>				
Investments:				
Exchange traded funds	\$ 452,031	\$ 452,031	\$ -	\$ -
Publicly traded equity securities	<u>128,190</u>	<u>128,190</u>	<u>-</u>	<u>-</u>
	<u>\$ 580,221</u>	<u>\$ 580,221</u>	<u>\$ -</u>	<u>\$ -</u>
Grantor trust	<u>\$ 708,350</u>	<u>\$ 708,350</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 7 - PROPERTY AND EQUIPMENT:

Property and equipment are stated at cost and are summarized as follows:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Land	\$ 7,895	\$ 7,895
Building	341,476	341,476
Furniture and fixtures	21,297	21,297
Improvements	357,980	343,596
Machinery and equipment	106,363	89,974
Vehicle	<u>20,438</u>	<u>20,438</u>
	855,449	824,676
Less: accumulated depreciation	<u>666,130</u>	<u>639,219</u>
	<u>\$189,319</u>	<u>\$185,457</u>

**MT. PLEASANT ANIMAL SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for the following purposes:

	June 30,	
	2022	2021
Capital improvements	\$588,744	\$729,720
Low-Cost Spay/Neuter clinic	26,112	26,112
Animal behavior modification program	-	4,000
Time or other restriction	-	9,558
	<u>\$614,856</u>	<u>\$769,390</u>

NOTE 9 - COMMITMENTS AND CONTINGENCIES:

The Shelter was named as a defendant in a lawsuit filed in the Superior Court of New Jersey in January 2022. As of the date the financial statements were available to be issued, the case is in discovery. The financial impact to the Shelter from the lawsuit is currently unknown.

NOTE 10 - CONCENTRATIONS OF CREDIT RISK:

Financial instruments that potentially subject the Shelter to significant concentrations of credit risk consist principally of cash and cash equivalents. The Shelter places its excess cash with high credit quality financial institutions. At times, amounts may exceed federally insured limits.

No individual donor exceeded 10% of revenue and support for the year ended June 30, 2022. Approximately 15% of total revenues and other support for the year ending June 30, 2021 was generated from an individual bequest.

NOTE 11 - CONTRIBUTIONS OF NONFINANCIAL ASSETS:

The Shelter records donated materials and equipment as contributed nonfinancial assets in the Statement of Activities and Changes in Net Assets. Contributed nonfinancial assets recognized within the Statements of Activities and Changes in Net Assets for the years ended June 30, 2022 and 2021 are summarized as follows:

	June 30,	
	2022	2021
Advertising	\$ 7,376	\$ 21,965
Dog and cat food	14,000	17,526
Special events	-	4,331
Supplies	16,499	6,053
	<u>\$ 37,875</u>	<u>\$ 49,875</u>

The Shelter recognizes contributed nonfinancial assets including contributed advertising, dog and cat food and other supplies within revenue with a corresponding expense. Unless other noted, contributed nonfinancial assets did not have donor-imposed restrictions.

It is the Shelter's policy to utilize contributed dog and cat food, other supplies, and equipment in its program to provide care for homeless dogs and cats until they are placed into permanent homes. In valuing food, supplies, and equipment, the Shelter estimates the fair value on the basis of the cost that would be incurred to purchase similar products on the date of donation.

MT. PLEASANT ANIMAL SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 11 - CONTRIBUTIONS OF NONFINANCIAL ASSETS: (Continued)

The Shelter receives a grant covering the cost of web search advertising from a search engine provider. The value of this contributed advertising is provided by the provider based on the value the provider would have otherwise charged the Shelter if it was not part of the grant program.

Contributed services are recognized as contributed nonfinancial revenues 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. The Shelter also receives a significant amount of donated services from unpaid volunteers who assist in the Shelter's program services and fundraising. No amounts have been recognized in the statements of activities for these program and fundraising services because the criteria for recognition have not been satisfied. The Shelter receives more than 8,000 volunteer hours per year that are not recognized in the accompanying statements of activities for the years ended June 30, 2022 and 2021, as they do not meet the requirements for recognition.

NOTE 12 - PAYCHECK PROTECTION PROGRAM:

The Shelter received loans of \$138,465 and \$111,817 in April 2020 and May 2021, respectively, as part of the Paycheck Protection Program ("the Program") from the U.S. Small Business Administration ("SBA") in response to the Coronavirus pandemic. The Shelter used these funds to support payroll costs and other permissible expenses as defined in the Program as part of the Coronavirus Aid, Relief and Economic Securities (CARES) Act ("the Act"). As part of this government program, the loans were eligible for forgiveness if certain criteria were met by the Shelter.

The Shelter received notification of forgiveness for these loans in April 2021 and October 2021. The resulting gains on extinguishment of debt of \$111,817 and \$138,465 are recognized on the Shelter's Statements of Activities and Changes in Net Assets for the years ended June 30, 2022 and June 30, 2021, respectively.