NORTH SHORE ANIMAL LEAGUE AMERICA, INC. AND THE PET SAVERS FOUNDATION, INC.

Consolidated Financial Statements

(Together with Independent Auditors' Report and Supplementary Information)

For the Years Ended December 31, 2018 and 2017

MARKS PANETH

ACCOUNTANTS & ADVISORS

NORTH SHORE ANIMAL LEAGUE AMERICA, INC. AND THE PET SAVERS FOUNDATION, INC.

CONSOLIDATED FINANCIAL STATEMENTS (Together with Independent Auditors' Report and Supplementary Information)

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

CONTENTS

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MARKS PANETH
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
North Shore Animal League America, Inc. and The Pet Savers Foundation, Inc.
Port Washington, New York

We have audited the accompanying consolidated financial statements of North Shore Animal League America, Inc. and The Pet Savers Foundation, Inc. (collectively, the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of North Shore Animal League America, Inc. and The Pet Savers Foundation, Inc. as of December 31, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended December 31, 2018, the Organization adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities* and ASU 2016-18, *Statement of Cash Flows* (Topic 230) – *Restricted Cash*. Our opinion is not modified with respect to these matters.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements of the Organization taken as a whole. The supplemental consolidating information on pages 20 and 21 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets and cash flows of the individual affiliates and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Marks Paneth LLP

New York, NY
June 27, 2019

NORTH SHORE ANIMAL LEAGUE AMERICA, INC. AND THE PET SAVERS FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
Cash and cash equivalents (Notes 2D, 4, and 11)	$ 2,552,191	$ 2,231,971
Restricted cash (Note 2E)	21,528,832	23,924,440
Total cash, cash equivalents and restricted cash	24,081,023	26,156,411
Bequests receivable (Note 2O)	205,249	471,886
Program service fees receivable, net	30,757	38,959
Contributions and other receivables (Note 2I)	1,199,120	1,472,771
Prepaid expenses and other assets	295,951	348,784
Inventory (Note 2F)	811,279	726,507
Investments (Notes 2G, 2H, and 4)	8,611,403	9,385,582
Property and equipment, net (Notes 2K and 5)	16,954,830	13,775,198
TOTAL ASSETS	$ 52,189,612	$ 52,376,098
LIABILITIES		
Accounts payable and accrued expenses	$ 4,946,922	$ 4,863,867
Annuity payment liability (Note 2L)	675,771	701,785
Accrued pension benefit obligation (Note 6)	5,269,421	5,841,603
Line of credit (Note 10)	2,576,000	2,499,825
TOTAL LIABILITIES	13,468,114	13,907,080
COMMITMENTS AND CONTINGENCIES (Note 13)		
NET ASSETS (Notes 2C and 7)		
Net assets without donor restrictions		
Available for operations	1,017,160	947,304
Net investment in property and equipment	16,954,830	13,775,198
Total net assets without donor restrictions	17,971,990	14,722,502
Net assets with donor restrictions (Notes 7 and 12)	20,749,508	23,746,516
TOTAL NET ASSETS	38,721,498	38,469,018
TOTAL LIABILITIES AND NET ASSETS	$ 52,189,612	$ 52,376,098

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

NORTH SHORE ANIMAL LEAGUE AMERICA, INC. AND THE PET SAVERS FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	Year Ended December 31, 2018			Year Ended December 31, 2017		
	Without Donor Restrictions	With Donor Restrictions	Total 2018	Total 2017	Without Donor Restrictions	With Donor Restrictions
SUPPORT, PROGRAM SERVICE REVENUE AND OTHER:						
Special events revenue (net of direct expenses of $98,872 and $78,909 in 2018 and 2017, respectively) (Note 2S)	$ 119,340	$ 623,898	$ 743,238	$ 619,413	$ 103,675	$ 515,738
Bequests (Note 2O)	5,773,841	-	5,773,841	3,699,311	3,699,311	-
Bequest - Estate of Elisabeth Lewyt, net (Note 2O)	-	-	-	24,961	-	24,961
Contributions (Note 2M)	21,837,880	2,241,156	24,079,036	24,950,188	21,765,756	3,184,432
In-kind contributions (Note 2N)	522,978	-	522,978	624,881	624,881	-
Total support revenue	28,254,039	2,865,054	31,119,093	29,918,754	26,193,623	3,725,131
Program service revenue (Note 2Q):						
Pet Rescue and Adoption	1,059,652	20,438	1,080,090	1,414,784	1,403,559	11,225
Humane Education	47,531	-	47,531	32,787	32,787	-
Spay/Neuter & Veterinary Care	7,061,280	-	7,061,280	7,002,388	7,002,388	-
Pet Savers Foundation	35,282	-	35,282	16,490	16,490	-
Total program service revenue	8,203,745	20,438	8,224,183	8,466,449	8,455,224	11,225
Dividends and interest (Note 4)	427,501	13,962	441,463	343,987	330,527	13,460
Pet store sales (net of cost of goods sold of $119,564 and $171,272 in 2018 and 2017, respectively)	78,385	-	78,385	142,594	142,594	-
List rental income	462,515	-	462,515	409,623	409,623	-
Other revenue	44,258	-	44,258	42,011	42,011	-
Reclassification of net assets (Note 7)	-	-	-	-	(67,363)	67,363
Net assets released from restrictions	5,834,851	(5,834,851)	-	-	4,880,254	(4,880,254)
Total other revenue	6,847,510	(5,820,889)	1,026,621	938,215	5,737,646	(4,799,431)
TOTAL SUPPORT, PROGRAM SERVICE REVENUE AND OTHER	43,305,294	(2,935,397)	40,369,897	39,323,418	40,386,493	(1,063,075)
OPERATING EXPENSES:						
Program Services						
Pet Rescue and Adoption	12,964,686	-	12,964,686	14,256,879	14,256,879	-
Humane Education	4,872,582	-	4,872,582	4,949,967	4,949,967	-
Spay/Neuter and Vet Care	14,685,468	-	14,685,468	14,777,309	14,777,309	-
Pet Savers Foundation	387,026	-	387,026	371,314	371,314	-
Total program services	32,909,762	-	32,909,762	34,355,469	34,355,469	-
Supporting Services:						
Management and general	1,562,041	-	1,562,041	1,553,158	1,553,158	-
Fundraising	5,502,517	-	5,502,517	5,522,770	5,522,770	-
Total supporting services	7,064,558	-	7,064,558	7,075,928	7,075,928	-
TOTAL OPERATING EXPENSES	39,974,320	-	39,974,320	41,431,397	41,431,397	-
CHANGE IN NET ASSETS FROM OPERATIONS	3,330,974	(2,935,397)	395,577	(2,107,979)	(1,044,904)	(1,063,075)
OTHER CHANGES:						
Net realized gain and unrealized loss on investments, net of fees (Note 4)	(777,162)	(61,611)	(838,773)	1,209,387	1,118,304	91,083
Change in value of split-interest agreements (Note 2L)	(76,666)	-	(76,666)	23,020	23,020	-
Pension related changes other than net periodic pension costs (Note 6)	772,342	-	772,342	(332,639)	(332,639)	-
CHANGE IN NET ASSETS	3,249,488	(2,997,008)	252,480	(1,208,211)	(236,219)	(971,992)
Net assets, beginning of year	14,722,502	23,746,516	38,469,018	39,677,229	14,958,721	24,718,508
NET ASSETS - END OF YEAR	$ 17,971,990	$ 20,749,508	$ 38,721,498	$ 38,469,018	$ 14,722,502	$ 23,746,516

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

NORTH SHORE ANIMAL LEAGUE AMERICA, INC. AND THE PET SAVERS FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(With Comparative Totals for 2017)

	For the Year Ended December 31, 2018									
	Program Services					Supporting Services				
	Pet Rescue and Adoption	Humane Education	Spay/Neuter and Vet Care	Pet Savers Foundation	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2018	Total 2017
Salaries	$ 3,932,544	$ 1,480,936	$ 5,664,089	$ -	$ 11,077,569	$ 507,076	$ 1,197,541	$ 1,704,617	$ 12,782,186	$ 13,625,303
Payroll taxes and employee benefits (Note 6)	1,725,873	654,819	2,468,966	-	4,849,658	238,140	531,462	769,602	5,619,260	5,465,042
Salaries and Related Costs	5,658,417	2,135,755	8,133,055	-	15,927,227	745,216	1,729,003	2,474,219	18,401,446	19,090,345
Grants to other organizations	7,500	7,500	-	-	15,000	-	-	-	15,000	17,500
Professional fees	113,534	88,384	189,403	356,788	748,109	149,456	206,446	355,902	1,104,011	1,210,642
Advertising and promotion (Note 2R)	240,987	90,580	150,292	-	481,859	-	96,163	96,163	578,022	685,399
Office expenses	262,775	118,433	305,344	3,846	690,398	174,816	192,664	367,480	1,057,878	1,099,281
Occupancy	116,572	47,548	100,464	-	264,584	79,246	79,246	158,492	423,076	470,536
Information technology	404,752	174,209	257,327	22,222	858,510	33,615	214,579	248,194	1,106,704	962,689
Travel	200,535	41,347	31,540	-	273,422	148	18,401	18,549	291,971	266,898
Conferences	1,607	2,372	1,048	-	5,027	-	3,215	3,215	8,242	5,098
Interest	-	-	-	-	-	91,393	-	91,393	91,393	65,749
Insurance	73,750	36,875	73,750	-	184,375	61,459	61,459	122,918	307,293	304,408
Direct response expenses	-	-	-	-	-	-	2,415,797	2,415,797	2,415,797	2,471,394
Program education materials	3,888,812	1,571,717	2,334,455	-	7,794,984	-	-	-	7,794,984	7,788,455
Animal rescue, adoption & medical (Note 2N)	1,655,843	392,219	2,772,167	-	4,820,229	6,906	10,941	17,847	4,838,076	5,447,841
Events and public relations	58,420	24,214	34,159	-	116,793	-	173,915	173,915	290,708	283,047
Depreciation (Note 5)	224,698	112,349	224,698	4,170	565,915	187,248	187,469	374,717	940,632	928,954
Bad debt expense	2,514	1,479	10,796	-	14,789	-	-	-	14,789	32,620
All other expenses	53,970	27,601	66,970	-	148,541	32,538	113,219	145,757	294,298	300,541
Subtotal	7,306,269	2,736,827	6,552,413	387,026	16,982,535	816,825	3,773,514	4,590,339	21,572,874	22,341,052
TOTAL EXPENSES	$ 12,964,686	$ 4,872,582	$ 14,685,468	$ 387,026	$ 32,909,762	$ 1,562,041	$ 5,502,517	$ 7,064,558	$ 39,974,320	$ 41,431,397

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

NORTH SHORE ANIMAL LEAGUE AMERICA, INC. AND THE PET SAVERS FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	For the Year Ended December 31, 2017								
	Program Services					Supporting Services			
	Pet Rescue and Adoption	Humane Education	Spay/Neuter and Vet Care	Pet Savers Foundation	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2017
Salaries	$ 4,384,661	$ 1,547,924	$ 5,997,551	$ -	$ 11,930,136	$ 508,155	$ 1,187,012	$ 1,695,167	$ 13,625,303
Payroll taxes and employee benefits (Note 6)	1,753,417	625,308	2,380,771	-	4,759,496	220,623	484,923	705,546	5,465,042
Salaries and Related Costs	6,138,078	2,173,232	8,378,322	-	16,689,632	728,778	1,671,935	2,400,713	19,090,345
Grants to other organizations	6,750	10,250	500	-	17,500	-	-	-	17,500
Professional fees	129,783	95,510	223,220	353,654	802,167	153,644	254,831	408,475	1,210,642
Advertising and promotion (Note 2R)	331,929	110,989	133,720	-	576,638	-	108,761	108,761	685,399
Office expenses	287,620	123,943	285,436	3,803	700,802	193,764	204,715	398,479	1,099,281
Occupancy	131,833	52,413	111,578	-	295,824	87,356	87,356	174,712	470,536
Information technology	356,862	148,086	227,705	12,405	745,058	28,093	189,538	217,631	962,689
Travel	182,671	35,267	28,508	-	246,446	-	20,452	20,452	266,898
Conferences	1,019	444	614	-	2,077	-	3,021	3,021	5,098
Interest	-	-	-	-	-	65,749	-	65,749	65,749
Insurance	73,057	36,529	73,058	-	182,644	60,882	60,882	121,764	304,408
Direct response expenses	-	-	-	-	-	-	2,471,394	2,471,394	2,471,394
Program education materials	3,880,893	1,577,274	2,330,288	-	7,788,455	-	-	-	7,788,455
Animal rescue, adoption & medical (Note 2N)	2,383,720	415,680	2,623,081	-	5,422,481	8,602	16,758	25,360	5,447,841
Events and public relations	64,705	25,815	38,556	-	129,076	-	153,971	153,971	283,047
Depreciation (Note 5)	222,583	111,291	222,582	1,452	557,908	185,485	185,561	371,046	928,954
Bad debt expense	5,895	3,262	23,463	-	32,620	-	-	-	32,620
All other expenses	59,481	29,982	76,678	-	166,141	40,805	93,595	134,400	300,541
Subtotal	8,118,801	2,776,735	6,398,987	371,314	17,665,837	824,380	3,850,835	4,675,215	22,341,052
TOTAL EXPENSES	$ 14,256,879	$ 4,949,967	$ 14,777,309	$ 371,314	$ 34,355,469	$ 1,553,158	$ 5,522,770	$ 7,075,928	$ 41,431,397

NORTH SHORE ANIMAL LEAGUE AMERICA, INC. AND THE PET SAVERS FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 252,480	$ (1,208,211)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	940,632	928,954
Change in value of split interest agreements	76,666	(23,020)
Bad debt expense	14,789	32,620
Net realized and unrealized loss (gain) on investments	718,362	(1,324,837)
Subtotal	2,002,929	(1,594,494)
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Bequests receivable	266,637	(227,664)
Bequest receivable - Estate of Elisabeth Lewyt, net	-	1,975,039
Program service fees receivable	(6,587)	-
Contributions and other receivables	273,651	313,656
Inventory	(84,772)	163,956
Prepaid expenses and other assets	52,833	64,908
Increase (decrease) in liabilities:		
Accounts and accrued expenses payable	83,055	528,865
Annuity payment liability	(102,680)	(100,773)
Accrued pension benefit obligation	(572,182)	569,098
Net Cash Provided by Operating Activities	1,912,884	1,692,591
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	1,551,493	1,780,826
Purchases of investments	(1,495,676)	(1,162,138)
Purchases of property and equipment	(4,120,264)	(1,692,905)
Net Cash Used in Investing Activities	(4,064,447)	(1,074,217)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit	1,200,000	1,500,000
Principal repayments of line of credit	(1,123,825)	-
Net Cash Provided by Financing Activities	76,175	1,500,000
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(2,075,388)	2,118,374
Cash, cash equivalents and restricted cash - beginning of year	26,156,411	24,038,037
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	$ 24,081,023	$ 26,156,411
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	$ 91,393	$ 65,749

NOTE 1 – DESCRIPTION OF ORGANIZATION

The consolidated financial statements have been prepared by consolidating North Shore Animal League America, Inc. (the "League") and its affiliate, The Pet Savers Foundation, Inc. (the "Foundation") (collectively, the "Organization").

The League was founded to provide, promote and advance the protection, care and humane treatment of animals. The League rescues and cares for orphaned dogs and cats locally and nationally by providing food, shelter and medical care. The League arranges for adoptions, spaying and neutering and conducts ongoing humane education programs.

In accordance with a policy adopted by the Board of Directors, the League solicits contributions through direct mail, specifically designated to support the mission of the League. In addition, the League receives donations and bequests to fund its operations.

The Foundation was founded to promote and advance the humane treatment of animals, primarily dogs and cats, to foster kindness to animals and to promote their welfare through humane education programs.

The Foundation is an innovator in the field of companion animal welfare by creating mission-driven, groundbreaking programs that are piloted and then adopted by shelters nationwide.

The Foundation oversees the American Mutt-i-grees® Movement, a national program that raises awareness of the plight of shelter animals, elevates the status of mixed-breed dogs and increases shelter adoptions to reduce euthanasia. As part of this initiative, the Foundation is working in collaboration with Yale University's School of the 21st Century to develop an innovative curriculum to educate children to build social and emotional skills and address critical behavioral issues while communicating the value of shelter animals. See Note 14.

The Foundation also operates a co-operative buying program that enables animal shelters to provide needed services at a lower price.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ***Basis of Accounting and Use of Estimates*** - The Organization's financial statements are prepared on the accrual basis of accounting. The Organization adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

B. ***Principles of Consolidation*** - The Organization's accompanying consolidated financial statements include the financial statements of the League and the Foundation. The League has consolidated the Foundation pursuant to U.S GAAP due to its financial interest and control over it. All material intercompany transactions and balances have been eliminated in the consolidation.

C. ***Net Assets*** - U.S. GAAP requires nonprofits to maintain their net assets under the following classes:

Without donor restrictions – This represents net assets not subject to donor-imposed stipulations and that have no time restrictions. Such resources are available for support of the Organization's operations over which the Board of Directors has discretionary control.

With donor restrictions – Net assets subject to stipulations, including stipulations that will be met either by actions of the Organization or the passage of time, stipulations that they be maintained permanently by the Organization, and unappropriated endowment earnings.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

D. ***Cash and Cash Equivalents*** - The Organization considers highly liquid investments purchased with maturities of three months or less to be unrestricted cash and cash equivalents.

E. ***Restricted Cash*** - The Organization holds restricted cash accounts for the purpose of fulfilling restrictions set by donors. Such amounts are reflected as restricted cash in the consolidated statements of financial position.

F. ***Inventory*** - Inventory consists of food, drugs and other pet supplies. Inventory is valued at the lower of cost or net realizable value.

G. ***Investments*** - Investments are carried at fair value. The value assigned to investments received by gift is the fair value at the date of donation. Changes in the fair value of investments are recorded as unrealized gains or losses and are reflected in the consolidated statements of activities.

H. ***Fair Value Measurements*** - Fair value measurements are based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as reported in Note 4.

I. ***Contributions and Other Receivables*** – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Contributions, including unconditional promises to give, are recognized in the period received. Interest is not charged on outstanding receivables. All contributions and other receivables as of December 31, 2018 are due within one year.

J. ***Allowance for Doubtful Accounts*** - The Organization determines whether an allowance for uncollectibles should be provided for accounts receivable. Such estimates are based on management's assessment of the aged basis of its accounts, current economic conditions, subsequent receipts and historical information. Accounts receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. As of December 31, 2018, and 2017, there was an allowance for doubtful accounts recorded of $46,136 and $58,441, respectively. The Organization's policy is to reserve 75% of outstanding receivables that were more than 90 days old.

K. ***Property and Equipment*** - Leasehold improvements and equipment are recorded at cost less accumulated amortization and depreciation. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the term of the lease or useful lives of the assets, whichever is shorter. The Organization's policy is to capitalize purchases greater than $5,000 with an estimated useful life of at least three years.

L. ***Split-Interest Agreements*** - The League has entered into Charitable Gift Annuities with donors. These are agreements between a donor and the League in which the donor contributes an asset in exchange for an obligation for the League to pay a fixed amount to the donor or other designated beneficiaries for a specific period of time. At the time these agreements are entered into, a liability is recognized for the present value of the annuity obligation, the assets are recorded at fair market value and a contribution is recognized for the difference. The liability is re-calculated annually, and the adjustment is recorded as changes in value of split-interest agreements in the other changes section of the consolidated statements of activities. The split-interest agreements had a (loss)/gain of $(76,666) and $23,020, respectively, for the years ended December 31, 2018 and 2017. The discount rate and actuarial assumptions used in calculating the annuity obligation are those provided in Internal Revenue Service guidelines and actuarial tables. The League invests, manages, and administers the annuities. The portfolio of assets meets all requirements concerning permissible investments and mandated reserves as required by law.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. ***Contributions*** - Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as either without donor restrictions or with donor restrictions in perpetuity 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, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

N. ***Contributed Goods and Services*** - Contributed goods and services meeting criteria established under GAAP are reflected as both contribution revenue and expenses in the accompanying consolidated statements of activities at their estimated fair value at the date of receipt. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided. The Organization recorded contributed goods of $522,978 and $624,881 for the years ended December 31, 2018 and 2017, respectively.

   Donated securities acquired by gift or bequest are liquidated as soon as it is practical to do so. In addition, the Organization receives services from a large number of volunteers who donate their time to the Organization's programs, special fundraising events and management. No amounts have been recorded for these types of donated services, as they do not meet the criteria for recognition.

O. ***Bequests*** - Bequests are recorded as revenues at fair value at the time an unassailable right to the gift has been established and the proceeds are measurable.

P. ***Functional Allocation of Expenses*** - The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include occupancy, insurance and depreciation, which are allocated on a square footage basis, as well as payroll, benefits, payroll taxes, professional services, information technology, interest, and other, which are allocated on the basis of estimates of time and effort incurred by the League's staff members.

Q. ***Services Fees*** - Revenues from service fees are recognized in the accounting period in which the services are provided.

R. ***Advertising*** - Advertising fees are expensed as incurred.

S. ***Direct Costs*** - The direct costs of special events include expenses for the benefit of the donor. For example, meals, facilities and rental are considered direct costs of special events.

T. ***Joint Cost Allocations*** - The League conducted direct mail campaigns that included requests for contributions as well as program components. The joint costs are allocated between program and fundraising.

U. ***Recent Accounting Pronouncements*** – Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities* and ASU 2016-18, *Statement of Cash Flows* (Topic 230) – *Restricted Cash* were adopted for the year ended December 31, 2018. ASU 2016-14 provides for several changes, including the presentation of two classes of net assets and enhanced disclosure on liquid resources and expense allocation. ASU 2016-18 requires that restricted cash be included with cash and cash equivalents on the accompanying consolidated statement of cash flows. These changes had no impact on the change in net assets for the year ended December 31, 2018. Due to these changes, the Organization has reclassified prior periods and fully comparative consolidated financial statements are presented. Net assets as of December 31, 2017 were reclassified to conform to the new presentation.

NOTE 3 – LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and marketable debt and equity securities.

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

Cash and cash equivalents	$ 2,552,191
Program service fees receivable, net	30,757
Contributions and other receivables	1,199,120
Investments	8,611,403
	12,393,471
Less:	
Investments held for charitable gift annuities	(1,556,274)
Investments held for endowment	(616,081)
Financial assets available to meet cash needs for general expenditures within one year	$ 10,221,116

In addition, the Organization has a maximum line of credit totaling $3,750,000 with a financial institution, which can be drawn upon if needed. The Organization's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, except for the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consist of the following as of December 31:

	2018	2017
Equities	$ 8,198,978	$ 9,101,672
U.S. Treasuries	20,120	20,550
Corporate Bonds	392,305	263,360
	$ 8,611,403	$ 9,385,582

Investments are subject to market volatility that could substantially change their fair values in the near term.

Investment (loss) income is included in the consolidated statements of activities and consists of the following for the years ended December 31:

	2018	2017
Dividends and interest	$ 441,463	$ 343,987
Realized (loss) gain	(11,577)	133,264
Unrealized (loss) gain	(706,785)	1,191,573
Less: Investment fees	(120,411)	(115,450)
	$ (397,310)	$ 1,553,374

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, ("ASC 820") 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. ASC 820 establishes a framework for measuring fair value. The 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). In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value. These inputs also form the basis of the fair value hierarchy which is used to categorize a fair value measurement into one of three levels as follows:

- Level 1 – Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2 - Valuations based on observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets for identical assets or liabilities; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.
- Level 3 - Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to level 3 inputs.

Investments in equities and US Treasuries are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Investments in corporate obligations are valued using quoted prices in inactive markets (Level 2). Level 2 instruments valuations are obtained from similar assets or model derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. For the years ended December 31, 2018 and 2017, there were no transfers in or out of Levels 1 or 2.

Financial assets carried at fair value at December 31, 2018 are classified as follows:

	Level 1	Level 2	Total
ASSETS CARRIED AT FAIR VALUE:			
Investments			
Equities	$ 8,198,978	$ -	$ 8,198,978
U. S. Treasuries	20,120	-	20,120
Corporate bonds	-	392,305	392,305
	8,219,098	392,305	8,611,403
Cash and cash equivalents			
Money market funds	448,198	-	448,198
TOTAL ASSETS CARRIED AT FAIR VALUE:	$ 8,667,296	$ 392,305	$ 9,059,601

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Financial assets carried at fair value at December 31, 2017 are classified as follows:

	Level 1	Level 2	Total
ASSETS CARRIED AT FAIR VALUE:			
Investments			
Equities	$ 9,101,672	$ -	$ 9,101,672
U. S. Treasuries	20,550	-	20,550
Corporate bonds	-	263,360	263,360
	9,122,222	263,360	9,385,582
Cash and cash equivalents			
Money market funds	390,090	-	390,090
TOTAL ASSETS CARRIED AT FAIR VALUE:	$ 9,512,312	$ 263,360	$ 9,775,672

NOTE 5 – PROPERTY AND EQUIPMENT, NET

Fixed assets consist of the following as of December 31:

	2018	2017	Estimated Useful Lives
Land	$ 3,997,698	$ 3,997,698	
Buildings and Building Improvements	16,079,555	14,712,217	10-40 years
Software	721,465	613,502	3-5 years
Furniture, Fixtures, and Equipment	2,348,014	2,225,069	5-7 years
Vehicles	2,350,291	2,365,958	5-7 years
Construction in progress	4,062,723	1,635,218	
	29,559,746	25,549,662	
Less accumulated depreciation and amortization	(12,604,916)	(11,774,464)	
	$ 16,954,830	$ 13,775,198	

Depreciation expense amounted to $940,632 and $928,954 for the years ended December 31, 2018 and 2017, respectively. The Organization wrote off fully depreciated assets with accumulated depreciation in the amount of $110,180 and $402,824 for the years ended December 31, 2018 and 2017, respectively.

Construction in progress amounted to $4,062,723 as of December 31, 2018. The construction in progress is related to the Bianca's Furry Friends Wellness Center. Pet Wellness Center was completed in April 2018 and transferred to buildings and building improvements. Additional costs incurred in 2018 to complete the project were approximately $150,000. Bianca's Furry Friends Wellness Center is expected to be completed in July 2019 and estimated costs to complete are approximately $7.1 million.

On September 10, 2001, the League received approximately 98 acres of land, a building and improvements located in the County of Culpeper, Virginia (the "Property"), by Deed of Gift from Animal Allies, Inc. ("AAI"), a non-profit corporation, whose primary purpose is the care of animals. As indicated in the Deed, the Property will be retained in perpetuity, substantially in its current condition, as a conservancy and refuge for wildlife and unwanted domestic animals. Any changes to the Property that will significantly interfere with this purpose are prohibited. The League did not recognize any amount in the financial statements for the Property as there is no objective basis available to measure its value due to the covenants and restrictions contained in the Deed. Furthermore, the covenants and restrictions render any likely value as immaterial.

NOTE 6 – PENSION AND OTHER BENEFIT PLANS

The League had a defined benefit pension plan (the "Plan") for all eligible employees who were at least 21 years old and had completed 24 months of service. The benefit formula was based on years of service and compensation levels as defined in the Plan. The League's policy was to fund all amounts required to pay for the benefits based on periodic calculations by an independent "enrolled actuary." Amounts contributed to the Plan must have been at least sufficient to meet the minimum funding requirements as determined by the actuary.

On June 30, 2006, the Board of Directors of the League adopted a resolution to freeze the Plan. As of that date, no employee is permitted to commence or recommence participation in the Plan and no further benefits will accrue to any participants. In addition, compensation received on or after that date will not be considered for any purpose under the Plan.

The net periodic pension cost for the years ended December 31, 2018 and 2017, were $582,444 and $564,240, respectively. The Organization made $382,284 and $327,781 of cash contributions to the Plan during the years ended December 31, 2018 and 2017, respectively, while the Plan made $401,635 and $379,943 in benefit payments during the years ended December 31, 2018 and 2017, respectively. For the year ending December 31, 2019, the League expects to make contributions of approximately $400,767 to the Plan.

The funded status of the Plan as of December 31:

	2018	2017
Projected benefit obligation	$ (11,034,925)	$ (12,065,100)
Fair value of plan assets	5,765,504	6,223,497
Funded status	$ (5,269,421)	$ (5,841,603)
Accrued pension benefit obligation recognized in the Consolidated Statements of Financial Position	$ 5,269,421	$ 5,841,603

The components of net periodic pension cost for the pension plan for the years ended December 31:

	2018	2017
Interest cost	$ 423,732	$ 459,288
Actual return on plan assets	(427,092)	(405,556)
Net amortization and deferral of net gain	585,804	510,508
Net periodic pension costs	$ 582,444	$ 564,240
Employer contributions	$ 382,284	$ 327,781
Benefits paid	401,635	379,943

As a frozen plan, the accumulated benefits obligation for the Plan was $11,034,925 and $12,065,100 as of December 31, 2018 and 2017, respectively.

Other changes in Plan assets and benefit obligations recognized in net assets without restrictions for the years ended December 31:

	2018	2017
Amortization of gain	$ 585,804	$ 510,508
New gain (loss) during the year	186,538	(843,147)
Net amount recognized in change in net assets without restrictions	$ 772,342	$ (332,639)

NOTE 6 – PENSION AND OTHER BENEFIT PLANS (Continued)

The weighted average and other assumptions used in the accounting for net periodic pension cost for the fiscal year ended December 31:

	2018	2017
Discount rate used for net periodic benefit cost	4.30%	3.60%
Rate of compensation increase	N/A	N/A
Expected return on plan assets	7.0%	7.0%
Mortality table	2014-RP	2014-RP

The defined benefit plan's expected rate of return on plan assets is determined by the plan assets' historical long-term investment performance, current asset allocation and estimates of future long-term returns by asset class.

The following schedule of benefit payments for the pension plan, which reflects expected future services, as appropriate, are expected to be paid:

2019	$ 587,116
2020	588,526
2021	594,212
2022	593,562
2023	607,042
5 years thereafter	3,115,934
	$ 6,086,392

Pension plan assets consist of investments in various mutual funds or commingled trust funds.

Assets carried at fair value at December 31, 2018 are classified in the table as follows:

Asset Strategy	Level 1	Level 2	Total
Equity			
Long-Term Growth - Equity	$ -	$ 2,493,253	$ 2,493,253
Fixed-Income			
Intermediate Duration	-	1,328,359	1,328,359
Long Duration	-	1,757,619	1,757,619
Cash Equivalents - Money market	186,273	-	186,273
Total	$ 186,273	$ 5,579,231	$ 5,765,504

Assets carried at fair value at December 31, 2017 are classified in the table as follows:

Asset Strategy	Level 1	Level 2	Total
Equity			
Long-Term Growth - Equity	$ -	$ 3,168,559	$ 3,168,559
Fixed-Income			
Intermediate Duration	-	1,038,006	1,038,006
Long Duration	-	1,902,615	1,902,615
Cash Equivalents - Money market	114,317	-	114,317
Total	$ 114,317	$ 6,109,180	$ 6,223,497

NOTE 6 – PENSION AND OTHER BENEFIT PLANS (Continued)

As of plan-year end, Plan assets are invested in three diversified investment portfolios of the Pentegra Retirement Trust (the "Trust"), a private placement investment fund. The Trust has been given discretion by the Plan Sponsor to determine the appropriate strategic asset allocation versus Plan liabilities, as governed by the Trust's Investment Policy Statement. The Plan is structured to utilize a Liability Driven Investment (LDI) approach which seeks to fund the current and future liabilities of the Plan and aims to mitigate funded status and contribution volatility.

The Plan's asset allocation targets to hold 50% of assets in equity securities, 17% in intermediate-term investment grade bonds, 32% in long duration bonds, and 1% in a cash equivalents portfolio (for liquidity.)

The investment goal is to achieve investment results that will contribute to the proper funding of the pension plan by exceeding the rate of inflation over the long-term. In addition, investment managers are expected to provide above average performance when compared to their peer managers. Performance volatility is also monitored. Risk/volatility is further managed by the distinct investment objectives of each of the funds and the diversification within each fund.

In 2013, in accordance with the framework and LDI Yield Trigger Glide path established by the Trustees to transition the investment policy to an LDI approach, the Plan increased its allocation to long duration bonds in four increments across the year. As a result, the Plan's asset allocation targeted 32% of total assets in long duration bonds immediately prior to the establishment of the new strategy-based asset allocation structure implemented on February 3, 2014.

The League has a 401(k) savings plan, whereby all employees may make contributions pursuant to a salary reduction agreement. Matching employer contributions are discretionary. There were no employer contributions for the years ended December 31, 2018 and 2017.

The League has a 457(b) deferred compensation plan, whereby "highly compensated employees" may make contributions pursuant to a salary reduction agreement. Pursuant to ERISA guidelines, "highly compensated employees" are defined as a select group of management or highly compensated employees. There were no employer contributions for the years ended December 31, 2018 and 2017.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31 were available for the following purposes:

	2018	2017
Subject to expenditures for specific purpose and the passage of time:		
Unappropriated Endowment Earnings for Scholarship Fund	$ 158,110	$ 205,760
Mobile Van Donations	120,000	120,000
Bianca's Furry Friends ("BFF") Wellness Center	6,742,444	8,717,714
Rachael's Rescue	1,066,797	738,768
Pet Wellness Center	-	143,296
Lewyt Capital Fund	9,068,658	9,360,000
Lewyt Administration Fund	2,809,439	3,614,528
Miscellaneous programs	221,144	283,534
Subtotal	20,186,592	23,183,600
Endowment principal held in perpetuity:		
Scholarship fund	372,889	372,889
Endowment fund	190,027	190,027
Total net assets with donor restrictions	$20,749,508	$23,746,516

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

For the year ended December 31, 2017, the Organization determined that $67,363 of contributions from 2013 should have been classified as net assets with donor restrictions. This reclassification is reflected in the consolidated statements of activities as reclassification of net assets.

Net assets were released from donor restrictions when expenses satisfying the restricted purposes were incurred or by occurrence of other events specified by donors as follows for the years ended December 31:

	2018	2017
Lewyt Administration Fund	$ 805,088	$ 2,000,825
Lewyt Capital Fund	291,342	290,000
BFF Wellness Center	3,441,576	284,417
Pet Wellness Center	143,296	760,502
Rachael's Rescue	644,138	742,875
Don & Karen LaRocca Dog Park	129,280	-
Hurricane Grants – Rachael Ray	125,000	600,000
Miscellaneous programs	255,131	201,635
	$ 5,834,851	$ 4,880,254

NOTE 8 – RELATED-PARTY TRANSACTIONS

The League and the Foundation are operated as if they were separate entities. Certain Directors of the Foundation are also Directors of the League. However, Board membership in one organization is not a condition of Board membership in the other.

It is the League's intention, at the direction of its Board, to provide support for the Foundation in its efforts to save animals around the world. During 2018 and 2017, the League made grants of $356,000 and $360,000, respectively, to the Foundation which has been eliminated for consolidation purposes.

NOTE 9 – JOINT COSTS

The Organization incurred joint costs of $9,505,374 and $9,533,963 for the years ended December 31, 2018 and 2017, respectively, for informational materials and activities that included fundraising appeals. Of those costs, $1,973,575 and $2,008,634, respectively, were allocated to fundraising expense and $7,531,799 and $7,525,329, respectively, were allocated to program expense.

NOTE 10 – LINE OF CREDIT

The League has a $3,750,000 secured line of credit with Signature Bank (the "Bank") to be drawn down upon as needed for working capital purposes. The line of credit is secured by a pledge to the Bank by the Organization of all cash and/or marketable securities on deposit in an account maintained by the League with J.P Morgan Clearing Corp. The line of credit is available through September 11, 2019. The interest rate in effect was a variable rate per annum equal to the Bank's Prime rate minus 0.25% as of December 31, 2018 and 2017. There were outstanding borrowings of $2,576,000 and $2,499,825 as of December 31, 2018 and 2017. The balance as of June 27, 2019 amounted to $0.

NOTE 11 – CONCENTRATIONS

Cash and cash equivalents that potentially subject the Organization to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits by approximately $22,619,000 and $25,020,000 as of December 31, 2018 and 2017, respectively, at three banks. This excess includes outstanding checks. Cash accounts with participating banks are insured up to $250,000 per depositor.

NOTE 12 – ENDOWMENT FUNDS

The Board of the Organization follows the New York State law called the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). NYPMIFA includes a rebuttable presumption of imprudence if an organization appropriates more than 7% of a donor-restricted permanent endowment fund's fair value (averaged over a period of not less than the preceding five years) in any year. Any unappropriated earnings that would otherwise be considered unrestricted by the donor are reflected as net assets with donor restrictions until appropriated.

The Organization's Board has interpreted NYPMIFA as allowing the Organization to appropriate for expenditure or accumulate so much of an endowment fund as the Organization determines is prudent for the uses, benefits, purposes and duration for which the endowment fund was established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise, the assets in a donor-restricted endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board.

As a result of this interpretation, the Organization has not changed the way net assets restricted in perpetuity are classified. The remaining portion of the donor-restricted endowment fund that is not classified as restricted in perpetuity is classified as net assets with donor restrictions (purpose and time-restricted for future periods), until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA.

The policy for valuing the Organization's investments is described in Note 2H. In accordance with U.S. GAAP, any deterioration of the fair value of assets associated with donor-restricted endowment funds that falls below the level the donor requires the Organization to retain in perpetuity is to be reported in net assets with donor restrictions. The fair value of assets associated with individual donor-restricted endowment funds are all above historic dollar value as of December 31, 2018 and 2017.

Changes in endowment net assets for the year ended December 31, 2018 are as follows:

	Unappropriated Earnings	Endowment Corpus	Total
Endowment net assets, beginning of year	$ 205,760	$ 562,916	$ 768,676
Investment fees	(8,614)	-	(8,614)
Investment loss	(39,036)	-	(39,036)
Endowment net assets, end of year	$ 158,110	$ 562,916	$ 721,026

Changes in endowment net assets for the year ended December 31, 2017 are as follows:

	Unappropriated Earnings	Endowment Corpus	Total
Endowment net assets, beginning of year	$ 101,216	$ 562,916	$ 664,132
Investment fees	(8,260)		(8,260)
Investment income	112,804	-	112,804
Endowment net assets, end of year	$ 205,760	$ 562,916	$ 768,676

NOTE 13 – COMMITMENTS AND CONTINGENCIES

A. The League entered into an agreement with Direct Mail Processing Inc, ("DMP"), for the processing of its direct mail. Under the terms of the agreement, the League is not obligated to pay minimum service charges. The contract is effective through January 1, 2020.

B. The League entered into an agreement with eBay Enterprises, which provides database processing services. Under the terms of the agreement, the League is obligated to pay minimum service charges of approximately $56,000 per month through December 31, 2020.

C. The Organization is subject to various claims and legal proceedings that arise in the ordinary course of its business activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or changes in net assets of the Organization. Additionally, management believes that with respect to any pending or threatened litigation charges or claims against the Organization, after the Organization's deductible, the Organization has adequate insurance coverage to cover these claims.

D. The Organization has no uncertain tax positions as of December 31, 2018 and 2017 in accordance with ASC Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 14 – MUTT-I-GREES® MOVEMENT

The Mutt-i-grees® Movement is the Foundation's largest program. A key component of the Mutt-i-grees® Movement is a multifaceted humane education program which features an innovative school curriculum, the Mutt-i-grees® Curriculum. The Curriculum, targeting children from Pre-K to high school level students has been developed, published and is being implemented in schools around the country. The Curriculum highlights humane education and shelter pets within the context of Social and Emotional Learning. Mutt-i-grees® in the Library, Cats are Mutt-i-grees® 2, The Shelter Guide to Mutt-i-grees® Curriculum, Paws Down/Tails Up: Physical Fitness Featuring Mutt-i-grees®, and Mutt-i-grees® at Home are ancillary products that have been developed. The Foundation is developing the Mutt-i-grees® Curriculum in collaboration with Yale University's School of the 21st Century. The School of the 21st Century is under the auspices of the Yale Medical School, Child Study Center. A relative of a Board member of the Foundation is a Research Scientist at the Child Study Center.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated events subsequent to the date of the consolidated statement of financial position through June 27, 2019, the date the consolidated financial statements were available to be issued.

NORTH SHORE ANIMAL LEAGUE AMERICA, INC. AND
THE PET SAVERS FOUNDATION, INC.
(A Non-Profit Organization)
Supplemental Information
Consolidating Statement of Financial Position
December 31, 2018

	As of December 31, 2018			
	North Shore Animal League	Pet Savers Foundation	Consolidating Eliminations	Consolidated Total
ASSETS				
Cash and cash equivalents	$ 2,536,762	$ 15,429	$ -	$ 2,552,191
Restricted cash	21,528,832	-	-	21,528,832
Bequests receivable	205,249	-	-	205,249
Program service fees receivable, net	30,757	-	-	30,757
Contributions and other receivables	1,191,530	105,947	(98,357)	1,199,120
Prepaid expenses and other assets	295,951	-	-	295,951
Inventory	811,279	-	-	811,279
Investments	8,611,403	-	-	8,611,403
Property and equipment, net	16,912,467	42,363	-	16,954,830
Total Assets	$ 52,124,230	$ 163,739	$ (98,357)	$ 52,189,612
LIABILITIES				
Accounts payable and accrued expenses	$ 4,892,339	$ 152,940	$ (98,357)	$ 4,946,922
Annuity payment liability	675,771	-	-	675,771
Accrued pension benefit obligation	5,269,421	-	-	5,269,421
Line of credit	2,576,000	-	-	2,576,000
Total Liabilities	13,413,531	152,940.00	(98,357.00)	13,468,114
NET ASSETS				
Net assets without donor restrictions	17,961,191	10,799	-	17,971,990
Net assets with donor restrictions	20,749,508	-	-	20,749,508
Total Net Assets	38,710,699	10,799	-	38,721,498
Total Liabilities and Net Assets	$ 52,124,230	$ 163,739	$ (98,357)	$ 52,189,612

See independent auditors' report.

NORTH SHORE ANIMAL LEAGUE AMERICA INC. AND
THE PET SAVERS FOUNDATION, INC.
(A Non-Profit Organization)
Supplemental Information
Consolidating Statement of Activities
For the Year Ended December 31, 2018
(With Comparative Totals for 2017)

	Year Ended December 31, 2018								
	North Shore Animal League			Pet Savers Foundation					
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Consolidating Eliminations	2018 Consolidated Total	2017 Consolidated Total
SUPPORT, PROGRAM SERVICE REVENUE AND OTHER:									
Special events revenue (net of direct expenses of $98,872 and $78,909 in 2018 and 2017, respectively)	$ 119,340	$ 623,898	$ 743,238	$ -	$ -	$ -	$ -	$ 743,238	$ 619,413
Grants	-	-	-	356,000	-	356,000	(356,000)	-	-
Bequests	5,773,841	-	5,773,841	-	-	-	-	5,773,841	3,699,311
Bequest - Estate of Elisabeth Lewyt, net	-	-	-	-	-	-	-	-	24,961
Contributions	21,837,879	2,241,156	24,079,035	1	-	1	-	24,079,036	24,950,188
In-kind contributions	522,978	-	522,978	-	-	-	-	522,978	624,881
Total support revenue	28,254,038	2,865,054	31,119,092	356,001	-	356,001	(356,000)	31,119,093	29,918,754
Program service revenue:									
Pet Rescue and Adoption	1,059,652	20,438	1,080,090	-	-	-	-	1,080,090	1,414,784
Humane Education	47,531	-	47,531	-	-	-	-	47,531	32,787
Spay/Neuter and Veterinary Care	7,061,280	-	7,061,280	-	-	-	-	7,061,280	7,002,388
Pet Savers Foundation	-	-	-	35,282	-	35,282	-	35,282	16,490
Total program service revenue	8,168,463	20,438	8,188,901	35,282	-	35,282	-	8,224,183	8,466,449
Dividends and interest	427,501	13,962	441,463	-	-	-	-	441,463	343,987
Pet store sales (net of cost of goods sold of $119,564 and $171,272 in 2018 and 2017, respectively)	78,385	-	78,385	-	-	-	-	78,385	142,594
List rental income	462,515	-	462,515	-	-	-	-	462,515	409,623
Other revenue	44,258	-	44,258	-	-	-	-	44,258	42,011
Net assets released from restrictions	5,834,851	(5,834,851)	-	-	-	-	-	-	-
Total other revenue	6,847,510	(5,820,889)	1,026,621	-	-	-	-	1,026,621	938,215
TOTAL SUPPORT, PROGRAM SERVICE REVENUE AND OTHER	43,270,011	(2,935,397)	40,334,614	391,283	-	391,283	(356,000)	40,369,897	39,323,418
OPERATING EXPENSES:									
Program Services									
Pet Rescue and Adoption	13,000,286	-	13,000,286	-	-	-	(35,600)	12,964,686	14,256,879
Humane Education	5,157,382	-	5,157,382	-	-	-	(284,800)	4,872,582	4,949,967
Spay/Neuter and Vet Care	14,721,068	-	14,721,068	-	-	-	(35,600)	14,685,468	14,777,309
Pet Savers Foundation	-	-	-	387,026	-	387,026	-	387,026	371,314
Total program services	32,878,736	-	32,878,736	387,026		387,026	(356,000)	32,909,762	34,355,469
Supporting Services:									
Management and general	1,558,199	-	1,558,199	3,842	-	3,842	-	1,562,041	1,553,158
Fundraising	5,501,999	-	5,501,999	518	-	518	-	5,502,517	5,522,770
Total supporting services	7,060,198	-	7,060,198	4,360	-	4,360	-	7,064,558	7,075,928
TOTAL OPERATING EXPENSES	39,938,934	-	39,938,934	391,386	-	391,386	(356,000)	39,974,320	41,431,397
CHANGE IN NET ASSETS FROM OPERATIONS	3,331,077	(2,935,397)	395,680	(103)	-	(103)	-	395,577	(2,107,979)
OTHER CHANGES:									
Net realized and unrealized loss on investments	(777,162)	(61,611)	(838,773)	-	-	-	-	(838,773)	1,209,387
Change in value of split-interest agreements	(76,666)	-	(76,666)	-	-	-	-	(76,666)	23,020
Pension related changes other than net periodic pension costs	772,342	-	772,342	-	-	-	-	772,342	(332,639)
CHANGE IN NET ASSETS	3,249,591	(2,997,008)	252,583	(103)	-	(103)	-	252,480	(1,208,211)
Net assets, beginning of year	14,711,600	23,746,516	38,458,116	10,902	-	10,902	-	38,469,018	39,677,229
NET ASSETS - END OF YEAR	$ 17,961,191	$ 20,749,508	$ 38,710,699	$ 10,799	$ -	$ 10,799	$ -	$ 38,721,498	$ 38,469,018

See independent audito's report.