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

Consolidated Financial Statements

(Together with Independent Auditors' Report)
With Supplementary Information

For the Years Ended December 31, 2021 and 2020

MARKS PANETH

ACCOUNTANTS & ADVISORS

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

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

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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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

Report on the Audit of the Financial Statements

Opinion

We have audited the 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, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements 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, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Organization's ability to continue as a going concern for a reasonable period of time.

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

Report on Consolidating Information

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 22 and 23 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 organizations 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 consolidated 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 30, 2022

NORTH SHORE ANIMAL LEAGUE AMERICA, INC. AND THE PET SAVERS FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
Operating cash (Notes 2D and 11)	$ 6,775,484	$ 3,191,183
Cash for designated purposes (Notes 2E and 11)	13,946,981	15,633,345
Total cash	20,722,465	18,824,528
Bequests receivable (Note 2O)	973,953	273,378
Program service fees receivable, net (Note 2J)	11,177	28,744
Contributions and other receivables (Notes 2I and 2R)	2,233,218	2,078,947
Investments (Notes 2G, 2H and 4)	20,182,912	17,993,050
Prepaid expenses and other assets	864,642	478,271
Inventory and supplies (Note 2F)	624,321	703,790
Property and equipment, net (Notes 2K and 5)	25,190,672	25,585,959
TOTAL ASSETS	$ 70,803,360	$ 65,966,667
LIABILITIES		
Accounts payable and accrued expenses	$ 3,392,382	$ 3,175,443
Annuity payment liability (Note 2L)	422,758	437,513
Accrued pension benefit obligation (Note 6)	4,873,338	5,799,799
Loan payable (Note 14)	-	2,607,962
TOTAL LIABILITIES	8,688,478	12,020,717
COMMITMENTS AND CONTINGENCIES (Note 13)		
NET ASSETS (Notes 2C and 7)		
Net assets without donor restrictions		
Available for operations	23,016,732	12,755,955
Net investment in property and equipment	25,190,672	25,585,959
Total net assets without donor restrictions	48,207,404	38,341,914
Net assets with donor restrictions (Notes 7 and 12)	13,907,478	15,604,036
TOTAL NET ASSETS	62,114,882	53,945,950
TOTAL LIABILITIES AND NET ASSETS	$ 70,803,360	$ 65,966,667

NORTH SHORE ANIMAL LEAGUE AMERICA, INC. AND THE PET SAVERS FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	Year Ended December 31, 2021			Year Ended December 31, 2020		
	Without Donor Restrictions	**With Donor Restrictions**	**Total 2021**	**Total 2020**	**Without Donor Restrictions**	**With Donor Restrictions**
SUPPORT, PROGRAM SERVICE AND OTHER REVENUE:						
Special events revenue (net of direct expenses of $0 and $101,032 in 2021 and 2020, respectively) (Note 2T)	$ 392,279	$ 123,995	$ 516,274	$ 553,030	$ 497,527	$ 55,503
Bequests (Note 2O)	9,262,367	-	9,262,367	11,424,918	11,424,918	-
Contributions (Note 2M)	25,249,950	2,807,043	28,056,993	28,663,159	24,850,416	3,812,743
In-kind contributions (Note 2N)	525,270	-	525,270	685,591	685,591	-
Total support revenue	35,429,866	2,931,038	38,360,904	41,326,698	37,458,452	3,868,246
Program service revenue (Note 2Q):						
Pet Rescue and Adoption	896,421	22,750	919,171	789,177	766,357	22,820
Humane Education	5,185	-	5,185	12,990	12,990	-
Spay/Neuter and Veterinary Care	5,561,946	-	5,561,946	5,939,707	5,939,707	-
Mutt-i-grees® Movement	54,422	-	54,422	31,900	31,900	-
Total program service revenue	6,517,974	22,750	6,540,724	6,773,774	6,750,954	22,820
Dividends and interest (Note 4)	264,280	16,534	280,814	326,761	311,753	15,008
Pet store sales (net of cost of goods sold of $92,419 and $147,231 in 2021 and 2020, respectively)	14,776	-	14,776	(30,234)	(30,234)	-
List rental income (Note 2R)	648,101	-	648,101	656,164	656,164	-
Gain on loan forgiveness (Note 14)	2,607,962	-	2,607,962	-	-	-
Other revenue	44,032	-	44,032	136,021	136,021	-
Net assets released from restrictions (Note 7)	4,879,568	(4,879,568)	-	-	2,989,929	(2,989,929)
Total other revenue	8,458,719	(4,863,034)	3,595,685	1,088,712	4,063,633	(2,974,921)
TOTAL SUPPORT, PROGRAM SERVICE AND OTHER REVENUE	50,406,559	(1,909,246)	48,497,313	49,189,184	48,273,039	916,145
OPERATING EXPENSES:						
Program Services:						
Pet Rescue and Adoption	15,031,066	-	15,031,066	14,150,263	14,150,263	-
Humane Education	5,219,643	-	5,219,643	5,072,205	5,072,205	-
Spay/Neuter and Vet Care	14,875,442	-	14,875,442	14,478,600	14,478,600	-
Pet Savers Foundation	29,971	-	29,971	34,490	34,490	-
Total program services	35,156,122	-	35,156,122	33,735,558	33,735,558	-
Supporting Services:						
Management and general	1,648,954	-	1,648,954	1,568,741	1,568,741	-
Fundraising	5,866,755	-	5,866,755	5,608,404	5,608,404	-
Total supporting services	7,515,709	-	7,515,709	7,177,145	7,177,145	-
TOTAL OPERATING EXPENSES	42,671,831	-	42,671,831	40,912,703	40,912,703	-
CHANGE IN NET ASSETS FROM OPERATIONS	7,734,728	(1,909,246)	5,825,482	8,276,481	7,360,336	916,145
OTHER CHANGES:						
Net realized and unrealized gain on investments, net of fees (Note 4)	1,761,705	212,688	1,974,393	822,410	777,033	45,377
Change in value of split-interest agreements (Note 2L)	(31,888)	-	(31,888)	132,784	132,784	-
Other components of net periodic cost (Note 6)	(587,764)	-	(587,764)	(479,508)	(479,508)	-
Pension related changes other than net periodic pension costs (Note 6)	988,709	-	988,709	(217,047)	(217,047)	-
CHANGE IN NET ASSETS	9,865,490	(1,696,558)	8,168,932	8,535,120	7,573,598	961,522
Net assets - beginning of year	38,341,914	15,604,036	53,945,950	45,410,830	30,768,316	14,642,514
NET ASSETS - END OF YEAR	$ 48,207,404	$ 13,907,478	$ 62,114,882	$ 53,945,950	$ 38,341,914	$ 15,604,036

NORTH SHORE ANIMAL LEAGUE AMERICA, INC. AND THE PET SAVERS FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Totals for 2020)

	For the Year Ended December 31, 2021									
	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 2021	Total 2020
Salaries	$ 5,280,465	$ 1,705,623	$ 6,109,901	$ -	$ 13,095,989	$ 622,974	$ 1,427,405	$ 2,050,379	$ 15,146,368	$ 13,901,855
Payroll taxes and employee benefits (Note 6)	1,904,553	580,698	2,123,066	-	4,608,317	120,410	421,749	542,159	5,150,476	5,310,766
Salaries and Related Costs	7,185,018	2,286,321	8,232,967	-	17,704,306	743,384	1,849,154	2,592,538	20,296,844	19,212,621
Grants to other organizations	7,500	7,500	-	-	15,000	-	-	-	15,000	15,500
Professional fees	164,964	110,453	130,177	-	405,594	200,087	207,153	407,240	812,834	835,900
Other components of net periodic cost (Note 6)	141,063	70,532	141,063	-	352,658	117,553	117,553	235,106	587,764	479,508
Pet store inventory	92,419	-	-	-	92,419	-	-	-	92,419	147,231
Advertising and promotion (Note 2S)	207,535	80,722	122,583	-	410,840	-	171,551	171,551	582,391	542,795
Office expenses	345,874	118,207	341,821	377	806,279	206,526	143,051	349,577	1,155,856	1,073,331
Occupancy	226,680	49,420	87,110	-	363,210	53,240	53,240	106,480	469,690	427,352
Information technology	589,801	241,770	372,638	23,403	1,227,612	43,150	311,453	354,603	1,582,215	1,458,814
Travel	123,339	16,971	17,835	-	158,145	10,622	2,399	13,021	171,166	157,534
Conferences	677	345	213	-	1,235	-	424	424	1,659	2,845
Interest	-	-	-	-	-	-	-	-	-	29,944
Insurance	78,073	39,036	78,073	-	195,182	65,061	65,061	130,122	325,304	312,961
Direct response expenses	-	-	-	-	-	-	2,587,693	2,587,693	2,587,693	2,518,600
Program education materials	4,227,418	1,692,527	2,537,463	-	8,457,408	-	-	-	8,457,408	8,170,354
Animal rescue, adoption and medical (Note 2N)	1,447,843	361,511	2,517,813	-	4,327,167	8,748	17,553	26,301	4,353,468	4,291,567
Events and public relations	27,981	11,193	16,789	-	55,963	-	60,292	60,292	116,255	151,645
Depreciation (Note 5)	336,891	168,446	336,891	6,191	848,419	280,742	281,070	561,812	1,410,231	1,412,895
Bad debt expense	1,091	642	4,684	-	6,417	-	-	-	6,417	13,044
Other expenses	60,381	34,579	78,385	-	173,345	37,394	116,661	154,055	327,400	285,001
Subtotal	8,079,530	3,003,854	6,783,538	29,971	17,896,893	1,023,123	4,135,154	5,158,277	23,055,170	22,326,821
Total Costs	15,264,548	5,290,175	15,016,505	29,971	35,601,199	1,766,507	5,984,308	7,750,815	43,352,014	41,539,442
Less: Other components of net periodic cost (Note 6)	(141,063)	(70,532)	(141,063)	-	(352,658)	(117,553)	(117,553)	(235,106)	(587,764)	(479,508)
Less: Cost of goods sold - Pet Store	(92,419)	-	-	-	(92,419)	-	-	-	(92,419)	(147,231)
TOTAL EXPENSES	$ 15,031,066	$ 5,219,643	$ 14,875,442	$ 29,971	$ 35,156,122	$ 1,648,954	$ 5,866,755	$ 7,515,709	$ 42,671,831	$ 40,912,703

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, 2020

	For the Year Ended December 31, 2020								
	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 2020
Salaries	$ 4,623,285	$ 1,560,452	$ 5,855,581	$ -	$ 12,039,318	$ 553,535	$ 1,309,002	$ 1,862,537	$ 13,901,855
Payroll taxes and employee benefits (Note 6)	1,856,146	594,890	2,294,940	-	4,745,976	129,841	434,949	564,790	5,310,766
Salaries and Related Costs	6,479,431	2,155,342	8,150,521	-	16,785,294	683,376	1,743,951	2,427,327	19,212,621
Grants to other organizations	7,550	7,900	50	-	15,500	-	-	-	15,500
Professional fees	188,108	211,707	46,824	3,136	449,775	173,143	212,982	386,125	835,900
Other components of net periodic cost (Note 6)	115,082	57,540	115,082	-	287,704	95,902	95,902	191,804	479,508
Pet store inventory	147,231	-	-	-	147,231	-	-	-	147,231
Advertising and promotion (Note 2S)	206,926	81,282	142,041	-	430,249	-	112,546	112,546	542,795
Office expenses	325,165	111,160	314,014	380	750,719	192,531	130,081	322,612	1,073,331
Occupancy	195,103	45,493	81,914	-	322,510	52,421	52,421	104,842	427,352
Information technology	540,048	222,447	343,466	24,782	1,130,743	41,683	286,388	328,071	1,458,814
Travel	109,198	17,496	15,647	-	142,341	11,471	3,722	15,193	157,534
Conferences	920	707	385	-	2,012	-	833	833	2,845
Interest	-	-	-	-	-	29,944	-	29,944	29,944
Insurance	75,111	37,555	75,111	-	187,777	62,592	62,592	125,184	312,961
Direct response expenses	-	-	-	-	-	-	2,518,600	2,518,600	2,518,600
Program education materials	4,084,853	1,634,147	2,451,354	-	8,170,354	-	-	-	8,170,354
Animal rescue, adoption and medical (Note 2N)	1,510,657	335,723	2,425,678	-	4,272,058	8,120	11,389	19,509	4,291,567
Events and public relations	34,604	13,842	20,763	-	69,209	-	82,436	82,436	151,645
Depreciation (Note 5)	337,531	168,765	337,531	6,192	850,019	281,275	281,601	562,876	1,412,895
Bad debt expense	2,218	1,304	9,522	-	13,044	-	-	-	13,044
Other expenses	52,840	27,335	63,779	-	143,954	32,185	108,862	141,047	285,001
Subtotal	7,933,145	2,974,403	6,443,161	34,490	17,385,199	981,267	3,960,355	4,941,622	22,326,821
Total Costs	14,412,576	5,129,745	14,593,682	34,490	34,170,493	1,664,643	5,704,306	7,368,949	41,539,442
Less: Other components of net periodic cost (Note 6)	(115,082)	(57,540)	(115,082)	-	(287,704)	(95,902)	(95,902)	(191,804)	(479,508)
Less: Cost of goods sold - Pet Store	(147,231)	-	-	-	(147,231)	-	-	-	(147,231)
TOTAL EXPENSES	$ 14,150,263	$ 5,072,205	$ 14,478,600	$ 34,490	$ 33,735,558	$ 1,568,741	$ 5,608,404	$ 7,177,145	$ 40,912,703

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 CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 8,168,932	$ 8,535,120
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,410,231	1,412,895
Change in value of split interest agreements	31,888	(132,784)
Gain on PPP loan forgiveness	(2,607,962)	-
Bad debt expense	6,417	13,044
Net realized and unrealized gain on investments	(2,135,384)	(952,948)
Subtotal	4,874,122	8,875,327
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Bequests receivable	(700,575)	(144,002)
Program service fees receivable	11,150	(8,576)
Contributions and other receivables	(154,271)	(383,132)
Inventory and supplies	79,469	(19,445)
Prepaid expenses and other assets	(386,371)	131,146
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	216,939	(474,642)
Annuity payment liability	(46,643)	(59,350)
Accrued pension benefit obligation	(926,461)	(6,931)
Net Cash Provided by Operating Activities	2,967,359	7,910,395
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	2,511,193	6,902,019
Purchases of investments	(2,565,671)	(12,627,375)
Purchases of property and equipment	(1,014,944)	(710,435)
Net Cash Used in Investing Activities	(1,069,422)	(6,435,791)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit	-	1,000,000
Principal repayments of line of credit	-	(2,850,000)
Proceeds from loan	-	2,607,962
Net Cash Provided by Financing Activities	-	757,962
NET INCREASE IN CASH	1,897,937	2,232,566
Cash - beginning of year	18,824,528	16,591,962
CASH - END OF YEAR	$ 20,722,465	$ 18,824,528
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	$ -	$ 29,944
Supplemental Disclosure of Non-Cash Financing Activities		
PPP loan forgiveness	$ (2,607,962)	$ -

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

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 and the Foundation are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

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. The League's mission statement highlights its work to Rescue, Nurture, Adopt and Educate.

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, disseminated and adopted by shelters nationwide.

The Foundation created 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. The Movement is based on the word coined by Pet Savers – Mutt-i-grees – to highlight the availability and desirability of shelter pets and encourage the adoption, rather than purchase of pets from pet stores that are supplied by puppy mills. The Movement began with a focus on adults, but was later broadened to include children as they are the next generation of potential adopters. The Foundation sought the expertise of the Yale University's School of the 21st Century and its national network of schools to develop an innovative curriculum to educate children and encourage the development of social and emotional skills such as empathy, compassion and ethical decision making at the same time communicating the value and needs of shelter animals and also providing children and educators with opportunities to advocate for and care for shelter pets (see Note 15).

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 consolidated 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 reporting 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 in perpetuity by the Organization, including any unappropriated endowment earnings. 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 and reported in the consolidated statements of activities as net assets released from restrictions.

D. ***Cash Equivalents*** - The Organization considers highly liquid investments acquired with original maturities of three months or less to be cash equivalents. There were no cash equivalents held for each of the years ended December 31, 2021 and 2020.

E. ***Cash for Designated Purposes*** - The Organization holds cash accounts for the purpose of fulfilling purpose restrictions set by donors. Such amounts are reflected as cash for designated purposes 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 Receivable*** - 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, 2021 are due within one year.

J. ***Allowance for Doubtful Accounts*** - The Organization determines whether an allowance for uncollectibles should be provided for program service fees 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, 2021 and 2020, there was an allowance for doubtful accounts recorded of $16,766 and $25,904, respectively.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 of $31,888 and a gain of $132,784, respectively, for the years ended December 31, 2021 and 2020. The discount rate and actuarial assumptions used in calculating the annuity obligation are those provided in Internal Revenue Service guidelines and actuarial tables and varied between 0.60% and 7.00% for the years ended December 31, 2021 and 2020. 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.

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 if they are received with donor stipulations that limit the use of the donated assets. Conditional contributions, those with a measurable performance or other barrier and a right of return/release, are not included as support until the conditions are substantially met.

N. ***Contributed Goods and Services*** - Contributed goods and services meeting criteria established under U.S. 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 $525,270 and $685,591 for the years ended December 31, 2021 and 2020, 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, and other, which are allocated on the basis of estimates of time and effort incurred by the League's staff members.

Q. ***Service Fees*** - The League recognizes revenue from services performed at the time the services are provided, based upon agreed pricing. The performance obligation related to the delivery of services is a single delivery element. Payment is generally required at time of service, and as such, there are no material accounts receivable associated with the service fees revenues.

R. ***List Rental Income*** - The League has an agreement with a third-party where they provide mailing list information for one-time use to other organizations. The revenue is recognized at the point-in-time in which the list information is used at the pricing agreed upon in their contract. List rental income accrued at December 31, 2021 and 2020 was $403,281 and $480,334, respectively, and is included in contributions and other receivables on the consolidated statements of financial position.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

T. ***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.

U. ***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.

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 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, were comprised of the following as of December 31:

Financial assets at year-end:	2021	2020
Operating cash	$ 6,775,484	$ 3,191,183
Program service fees receivable, net	11,177	28,744
Bequests receivable	973,953	273,378
Contributions and other receivables	2,233,218	2,078,947
Investments	20,182,912	17,993,050
	30,176,744	23,565,302
Less:		
Investments held for charitable gift annuities	(2,231,544)	(2,024,457)
Investments held for endowment	(1,199,200)	(969,977)
Donor imposed restriction subject to specified purpose or passage of time	(10,476,734)	(12,609,602)
Financial assets available to meet cash needs for general expenditures within one year	$ 16,269,266	$ 7,961,266

In addition, the Organization has a line of credit totaling $3,750,000 with a financial institution, which can be drawn upon if needed (see Note 10). 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:

	2021	2020
Equities	$ 14,174,753	$ 11,987,185
U.S. Treasuries	4,896,608	4,896,461
Corporate Bonds	360,346	358,199
Mutual Funds	751,205	751,205
	$ 20,182,912	$ 17,993,050

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

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

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

	2021	2020
Dividends and interest	$ 280,814	$ 326,761
Realized gain (loss)	164,091	(463,505)
Unrealized gain	1,971,293	1,416,453
Less: Investment fees	(160,991)	(130,538)
	$ 2,255,207	$ 1,149,171

U.S. GAAP 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. U.S. GAAP 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 the lowest priority to level 3 inputs.

Investments in equities and mutual funds 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 and U.S treasuries are valued using quoted prices in inactive markets (Level 2). Level 2 instrument 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, 2021 and 2020, there were no transfers in or out of Levels 1 or 2.

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Financial assets carried at fair value at December 31, 2021 are classified as follows:

	Level 1	Total
Investments, at Fair Value		
Equities	$14,174,753	$14,174,753
U. S. Treasuries	4,896,608	4,896,608
Corporate bonds	360,346	360,346
Mutual funds	751,205	751,205
Total Investments, at Fair Value	$20,182,912	$20,182,912

Financial assets carried at fair value at December 31, 2020 are classified as follows:

	Level 1	Total
Investments, at Fair Value		
Equities	$11,987,185	$11,987,185
U. S. Treasuries	4,896,461	4,896,461
Corporate bonds	358,199	358,199
Mutual funds	751,205	751,205
Total Investments, at Fair Value	$17,993,050	$17,993,050

NOTE 5 – PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following as of December 31:

	2021	2020	Estimated Useful Lives
Land	$ 3,997,698	$ 3,997,698	
Buildings and Building Improvements	30,844,946	30,329,393	10-40 years
Software	657,396	728,365	3-5 years
Furniture, Fixtures, and Equipment	3,058,774	2,979,069	5-7 years
Vehicles	2,319,425	2,335,093	5-7 years
	40,878,239	40,369,618	
Less: accumulated depreciation and amortization	(15,687,567)	(14,783,659)	
	$ 25,190,672	$ 25,585,959	

Depreciation expense amounted to $1,410,231 and $1,412,895 for the years ended December 31, 2021 and 2020, respectively. The Organization wrote off fully depreciated assets with accumulated depreciation in the amounts of $506,323 and $106,658 for the years ended December 31, 2021 and 2020, respectively.

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, 2021 and 2020, was $587,764 and $479,508, respectively. The Organization contributed $525,516 and $703,486, respectively, to the Plan while the Plan paid $655,501 and $426,608 in benefits during the years ended December 31, 2021 and 2020, respectively. For the year ending December 31, 2022, the League expects to make contributions of $269,934 to the Plan.

The funded status of the Plan as of December 31 is as follows:

	2021	2020
Projected benefit obligation	$ (12,172,154)	$ (13,482,246)
Fair value of plan assets	7,298,816	7,682,447
Funded status	$ (4,873,338)	$ (5,799,799)
Accrued pension benefit obligation recognized in the Consolidated Statements of Financial Position	$ 4,873,338	$ 5,799,799

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

	2021	2020
Interest cost	$ 342,416	$ 402,428
Actual return on plan assets	(536,876)	(468,896)
Net amortization and deferral of net gain	564,216	545,976
Settlement charge	218,008	-
Net periodic pension costs	$ 587,764	$ 479,508

As a frozen plan, the accumulated benefits obligation for the Plan was $12,172,154 and $13,482,246 as of December 31, 2021 and 2020, respectively.

The net actuarial loss as of December 31, 2021 and 2020 was $3,344,220 and $4,332,929, respectively. Other changes in Plan assets and benefit obligations recognized in net assets without restrictions for the years ended December 31 are as follows:

	2021	2020
Amortization of gain	$ 564,216	$ 545,976
Net gain/(loss) during the year	206,485	(763,023)
Settlement charge during the year	218,008	-
Net amount recognized in change in net assets without restrictions	$ 988,709	$ (217,047)

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 years ended December 31 are as follows:

	2021	2020
Discount rate used for net periodic benefit cost	2.90%	2.60%
Rate of compensation increase	N/A	N/A
Expected return on plan assets	6.5%	7.0%
Mortality table	PRI-2012	PRI-2012

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:

2022	$ 568,658
2023	569,488
2024	585,456
2025	591,090
2026	586,566
5 years thereafter	3,112,597
	$ 6,013,855

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Mutual Fund:

Mutual funds are valued at quoted market prices determined in an active market.

The Pentegra Retirement Trust

This Trust has been established as a 103-12 investment entity and is comprised of unitized, diversified portfolios created by the Board of Trustees, established on February 3, 2014 in connection with a private offering of units of beneficial interest in the separate portfolios of the Trust. Each portfolio has a distinct investment objective and strategy. The investment adviser, Pentegra Investors, Inc. manages each of the portfolios and selects the underlying investments, which may include mutual funds and other commingled funds or collective investment funds. Bank of New York Mellon acts as the Trust's custodian and portfolio administrator for the portfolios.

Units in the portfolios (the "Units") are offered and sold only to those investors who are eligible as described in the February 2014 Confidential Private Placement Memorandum ("PPM") in the Trust. The Units may be redeemed through the Trust, but are not transferable. No public market for the Units exists or is expected to develop in the future. No redemption restrictions exist. Advance notice is required for termination that requires redemption of all the Plan's Units. There are no unfunded commitments. The Pentegra Retirement Trust portfolios are considered investment companies under U.S. GAAP and follow the specialized accounting and reporting guidance in the Financial Accounting Standards Codification ("ASC") 946 Financial Services – Investment Companies. Investment values are measured using the Plan's share held of the net asset value, as a practical expedient.

The following describes the individual portfolios, as set forth in the PPM that is included in the Plan:

NOTE 6 – PENSION AND OTHER BENEFIT PLANS (Continued)

Long-Term Growth Equity Portfolio

This portfolio seeks to achieve its objectives via investment in a number of actively and passively managed equity-focused mutual funds and collective investments funds. It holds a diversified mix of equity funds in order to gain exposure to the U.S. and non-U.S. equity markets, including the emerging markets. In aggregate, the funds in which it invests hold stocks across the investment type and market capitalization spectrums. It also includes an allocation to a cash equivalent fund for liquidity purposes.

Long-Term Growth Fixed-Income Portfolio

This portfolio seeks to achieve its objectives via investment in a number of fixed-income mutual funds and collective investment funds. One or more of the underlying funds held by the portfolio primarily invests in domestic intermediate-term investment grade bonds but may also invest primarily or opportunistically in high yield and non-U.S. debt, including emerging markets debt. The Investment Adviser may opportunistically add an allocation to long duration bond funds as deemed appropriate. The portfolio also includes an allocation to a cash equivalent fund for liquidity purposes.

Liability Focused Fixed-Income Portfolio

This is a diversified portfolio that seeks to achieve its objectives via investment in high quality, long duration fixed-income securities and commingled investment. It also includes an allocation to a cash equivalent fund for liquidity.

The Plan's investments in mutual funds are valued at Level 1.

In accordance with U.S. GAAP, certain investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts prepared in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of net assets available for benefits.

Financial assets carried at fair value at December 31, 2021 are classified in the table as follows:

	Total	Level 1
Mutual funds	$ 130,947	$ 130,947
Pentegra Retirement Trust funds measured at net asset value:		
Liability Focused Fixed-Income Portfolio	2,266,206	-
Long-Term Growth Equity Portfolio	3,697,172	-
Long-Term Growth Fixed-Income Portfolio	1,204,491	-
	7,167,869	-
Total investments, at fair value	$ 7,298,816	$ 130,947

NOTE 6 – PENSION AND OTHER BENEFIT PLANS (Continued)

Financial assets carried at fair value at December 31, 2020 are classified in the table as follows:

	Total	Level 1
Mutual funds	$ 193,248	$ 193,248
Pentegra Retirement Trust funds measured at net asset value:		
Liability Focused Fixed-Income Portfolio	1,942,279	-
Long-Term Growth Equity Portfolio	4,046,226	-
Long-Term Growth Fixed-Income Portfolio	1,500,694	-
	7,489,199	-
Total investments, at fair value	$ 7,682,447	$ 193,248

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 51% of assets in equity securities, 16% in intermediate-term investment grade bonds, 31% in long duration bonds, and 2% 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 also offers a 401(k) deferred contributions pension 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, 2021 and 2020.

The League has a 457(b) deferred compensation plan, whereby "highly compensated employees" may make contributions pursuant to a salary reduction agreement. Pursuant to Employee Retirement Income Security Act of 1974 ("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, 2021 and 2020.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

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

	2021	2020
Subject to expenditures for specific purpose:		
Unappropriated Endowment Earnings for Scholarship Fund	$ 636,284	$ 407,061
Lewyt Capital Fund	6,503,350	6,503,350
Lewyt Administration Fund	2,809,439	2,809,439
Rachael's Rescue	721,288	984,938
Rachael Ray Foundation Memory of Isaboo	641,812	960,442
Bianca's Furry Friends ("BFF") Wellness Center	573,595	1,184,803
Lewyt Trust Ark Renovations	500,000	-
Rachael Ray Foundation Rescue Fund	400,000	1,100,000
Rachael Ray Foundation BFF Medical Care	250,000	-
Ann M. Bryand Health Care Fund	52,598	114,772
Lewyt Trust Medical Center Renovation	32,260	300,000
Alex and Elizabeth Lewyt Fund	-	500,000
Miscellaneous programs	223,936	176,315
Subtotal	13,344,562	15,041,120
Endowment principal held in perpetuity:		
Scholarship fund	372,889	372,889
Endowment fund	190,027	190,027
Total net assets with donor restrictions	$13,907,478	$15,604,036

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:

	2021	2020
Rachael's Rescue Fund	$ 1,400,000	$ 800,000
BFF Wellness Center	1,228,002	490,418
Rachael's Rescue Initiative	868,084	807,145
Alex & Elizabeth Lewyt Fund	500,000	500,000
Rachel Memory of Isaboo	318,630	39,558
Lewyt Trust Medical Center Renovation	267,739	-
Ann M. Bryand Health Care Fund	127,185	126,645
Lewyt Capital Fund	-	112,784
Miscellaneous programs	169,928	113,379
	$ 4,879,568	$ 2,989,929

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. Members of the Board have made contributions to the League of $1,963,500 and $3,201,500 for the years ended December 31, 2021 and 2020, respectively.

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. No grants were made from the League to the Foundation during 2021 and 2020.

NOTE 9 – JOINT COSTS

The Organization incurred joint costs of $10,390,412 and $9,992,283 for the years ended December 31, 2021 and 2020, respectively, for informational materials and activities that included fundraising appeals. Of those costs, $2,161,487 and $2,065,446, respectively, were allocated to fundraising expense and $8,228,925 and $7,926,837, 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 Neuberger Berman. The line of credit is available through September 7, 2022. 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, 2021 and 2020. There were no outstanding borrowings as of December 31, 2021 and 2020. The League did not have an outstanding balance as of June 30, 2022.

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 $19,916,000 and $18,820,000 as of December 31, 2021 and 2020, respectively, at two banks.

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, 2021 and 2020.

NOTE 12 – ENDOWMENT FUNDS (Continued)

Changes in endowment net assets for the year ended December 31, 2021 are as follows:

	Unappropriated Earnings	Endowment Corpus	Total
Endowment net assets, beginning of year	$ 407,061	$ 562,916	$ 969,977
Investment fees	(12,123)	-	(12,123)
Investment income	241,346	-	241,346
Endowment net assets, end of year	$ 636,284	$ 562,916	$ 1,199,200

Changes in endowment net assets for the year ended December 31, 2020 are as follows:

	Unappropriated Earnings	Endowment Corpus	Total
Endowment net assets, beginning of year	$ 346,676	$ 562,916	$ 909,592
Investment fees	(9,287)	-	(9,287)
Investment income	69,672	-	69,672
Endowment net assets, end of year	$ 407,061	$ 562,916	$ 969,977

NOTE 13 – COMMITMENTS AND CONTINGENCIES

A. The League entered into an agreement with eBay Enterprises, which provides database processing services. The expense incurred under the agreement for 2021 and 2020 is $726,000 and $672,000, respectively. The League is obligated to pay minimum service charges of approximately $60,500 per month through December 31, 2022.

B. 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.

C. The Organization has no uncertain tax positions as of December 31, 2021 and 2020 in accordance with ASC Topic 740, “Income Taxes,” which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 14 – LOAN PAYABLE

On April 20, 2020, the Organization received loan proceeds in the amount of $2,607,962 under the Paycheck Protection Program ("PPP"). Established as part of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), the PPP provides loans to qualifying businesses in amounts up to 2.5 times the business' average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (8 or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities.

The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. Payments are not required to begin for 10 months after the end of the 24-week loan forgiveness covered period. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements during the covered period. The loan is uncollateralized and is fully guaranteed by the Federal government.

For the years ended December 31, 2021 and 2020, the Organization incurred sufficient qualifying expenses and met the criteria for forgiveness. Loan forgiveness is recorded in gain on loan forgiveness in the accompanying consolidated statement of activities for the year ended December 31, 2021. The loan was forgiven by the Small Business Administration ("SBA") on September 23, 2021.

NOTE 15 – 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 the Mutt-i-grees Curriculum, designed to be disseminated nationally. The Curriculum includes lessons for children from Pre-K to Grade 12. It highlights humane education and the desirability and unique features of shelter pets within the context of Social and Emotional Learning, with activities, readings and other resources that feature shelter pets. The core curriculum was well received and became popular among children, families and educators. It is now implemented in over 5,000 schools nationwide as well as in Canada and in several other countries. Since its launch in 2010, the Mutt-i-grees curriculum has grown to include several ancillary programs - *Mutt-i-grees® in the Library, Cats are Mutt-i-grees® 2, The Shelter Guide to the Mutt-i-grees® Curriculum, Paws Down/Tails Up: Physical Fitness Featuring Mutt-i-grees®, and Mutt-i-grees® at Home* — that expand its scope and reach. It also includes initiatives such as The School Dog Program and Mutt-i-grees National Ambassadors that provide opportunities for students to make changes that benefit shelter pets and the humane industry. A team of staff members markets, disseminates and provides implementation training to interested educators. The Curriculum and ancillary products were developed in collaboration with Yale University's School of the 21st Century. Its faculty continues to be involved in the effort in a volunteer advisory capacity.

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated events subsequent to the date of the consolidated statement of financial position through June 30, 2022, 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
As of December 31, 2021
(With Comparative Totals as of December 31, 2020)

	As of December 31, 2021				
	North Shore Animal League America	**Pet Savers Foundation**	**Consolidating Eliminations**	**Consolidated Total**	**2020 Consolidated Total**
ASSETS					
Operating Cash	$ 6,703,396	$ 72,088	$ -	$ 6,775,484	$ 3,191,183
Cash for designated purposes	13,946,981	-	-	13,946,981	15,633,345
Bequests receivable	973,953	-	-	973,953	273,378
Program service fees receivable, net	11,177	-	-	11,177	28,744
Contributions and other receivables	2,262,519	18,988	(48,289)	2,233,218	2,078,947
Prepaid expenses and other assets	864,642	-	-	864,642	478,271
Inventory and supplies	624,321	-	-	624,321	703,790
Investments	20,182,912	-	-	20,182,912	17,993,050
Property and equipment, net	25,167,861	22,811	-	25,190,672	25,585,959
Total Assets	$ 70,737,762	$ 113,887	$ (48,289)	$ 70,803,360	$ 65,966,667
LIABILITIES					
Accounts payable and accrued expenses	$ 3,389,964	$ 50,707	$ (48,289)	$ 3,392,382	$ 3,175,443
Annuity payment liability	422,758	-	-	422,758	437,513
Accrued pension benefit obligation	4,873,338	-	-	4,873,338	5,799,799
Loan payable	-	-	-	-	2,607,962
Total Liabilities	8,686,060	50,707	(48,289)	8,688,478	12,020,717
NET ASSETS					
Net assets without donor restrictions	48,144,224	63,180	-	48,207,404	38,341,914
Net assets with donor restrictions	13,907,478	-	-	13,907,478	15,604,036
Total Net Assets	62,051,702	63,180	-	62,114,882	53,945,950
Total Liabilities and Net Assets	$ 70,737,762	$ 113,887	$ (48,289)	$ 70,803,360	$ 65,966,667

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, 2021
(With Comparative Totals for 2020)

	Year Ended December 31, 2021								
	North Shore Animal League America			Pet Savers Foundation					
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Consolidating Eliminations	2021 Consolidated Total	2020 Consolidated Total
SUPPORT, PROGRAM SERVICE AND OTHER REVENUE:									
Special events revenue (net of direct expenses of $0 and $101,032 in 2021 and 2020, respectively)	$ 392,279	$ 123,995	$ 516,274	$ -	$ -	$ -	$ -	$ 516,274	$ 553,030
Bequests	9,262,367	-	9,262,367	-	-	-	-	9,262,367	11,424,918
Contributions	25,249,950	2,807,043	28,056,993	-	-	-	-	28,056,993	28,663,159
In-kind contributions	525,270	-	525,270	-	-	-	-	525,270	685,591
Total support revenue	35,429,866	2,931,038	38,360,904	-	-	-	-	38,360,904	41,326,698
Program service revenue:									
Pet Rescue and Adoption	896,421	22,750	919,171	-	-	-	-	919,171	789,177
Humane Education	5,185	-	5,185	-	-	-	-	5,185	12,990
Spay/Neuter and Veterinary Care	5,561,946	-	5,561,946	-	-	-	-	5,561,946	5,939,707
Mutt-i-grees® Movement	-	-	-	54,422	-	54,422	-	54,422	31,900
Total program service revenue	6,463,552	22,750	6,486,302	54,422	-	54,422	-	6,540,724	6,773,774
Dividends and interest	264,280	16,534	280,814	-	-	-	-	280,814	326,761
Pet store sales (net of cost of goods sold of $92,419 and $147,231 in 2021 and 2020, respectively)	14,776	-	14,776	-	-	-	-	14,776	(30,234)
List rental income	648,101	-	648,101	-	-	-	-	648,101	656,164
Gain on loan forgiveness	2,607,962	-	2,607,962	-	-	-	-	2,607,962	-
Other revenue	44,032	-	44,032	-	-	-	-	44,032	136,021
Net assets released from restrictions	4,879,568	(4,879,568)	-	-	-	-	-	-	-
Total other revenue	8,458,719	(4,863,034)	3,595,685	-	-	-	-	3,595,685	1,088,712
TOTAL SUPPORT, PROGRAM SERVICE AND OTHER REVENUE	50,352,137	(1,909,246)	48,442,891	54,422	-	54,422	-	48,497,313	49,189,184
OPERATING EXPENSES:									
Program Services:									
Pet Rescue and Adoption	15,031,066	-	15,031,066	-	-	-	-	15,031,066	14,150,263
Humane Education	5,219,643	-	5,219,643	-	-	-	-	5,219,643	5,072,205
Spay/Neuter and Vet Care	14,875,442	-	14,875,442	-	-	-	-	14,875,442	14,478,600
Pet Savers Foundation	-	-	-	29,971	-	29,971	-	29,971	34,490
Total program services	35,126,151	-	35,126,151	29,971	-	29,971	-	35,156,122	33,735,558
Supporting Services:									
Management and general	1,645,302	-	1,645,302	3,652	-	3,652	-	1,648,954	1,568,741
Fundraising	5,866,374	-	5,866,374	381	-	381	-	5,866,755	5,608,404
Total supporting services	7,511,676	-	7,511,676	4,033	-	4,033	-	7,515,709	7,177,145
TOTAL OPERATING EXPENSES	42,637,827	-	42,637,827	34,004	-	34,004	-	42,671,831	40,912,703
CHANGE IN NET ASSETS FROM OPERATIONS	7,714,310	(1,909,246)	5,805,064	20,418	-	20,418	-	5,825,482	8,276,481
OTHER CHANGES:									
Net realized and unrealized gain on investments, net of fees	1,761,705	212,688	1,974,393	-	-	-	-	1,974,393	822,410
Change in value of split-interest agreements	(31,888)	-	(31,888)	-	-	-	-	(31,888)	132,784
Other components of net periodic cost	(587,764)	-	(587,764)	-	-	-	-	(587,764)	(479,508)
Pension related changes other than net periodic pension costs	988,709	-	988,709	-	-	-	-	988,709	(217,047)
CHANGE IN NET ASSETS	9,845,072	(1,696,558)	8,148,514	20,418	-	20,418	-	8,168,932	8,535,120
Net assets - beginning of year	38,299,152	15,604,036	53,903,188	42,762	-	42,762	-	53,945,950	45,410,830
NET ASSETS - END OF YEAR	$ 48,144,224	$ 13,907,478	$ 62,051,702	$ 63,180	$ -	$ 63,180	$ -	$ 62,114,882	$ 53,945,950