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

Consolidated Financial Statements
and Supplementary Information
(Together with Independent Auditors' Report)

For the Years Ended December 31, 2023 and 2022

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

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
(Together with Independent Auditors' Report)

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

CONTENTS

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

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, 2023 and 2022, 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, 2023 and 2022, 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.

685 Third Avenue
New York, NY 10017

Phone: 212.503.8800
Fax: 212.370.3759
cbizcpas.com

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.

Supplemental Information

Our audits were conducted the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental consolidating information on pages 24 and 25 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 GAAS. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CBIZ CPAs P.C.

New York, NY
August 22, 2024

[1] In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.

NORTH SHORE ANIMAL LEAGUE AMERICA, INC. AND THE PET SAVERS FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
Operating cash (Notes 2D and 11)	$ 2,956,886	$ 5,650,055
Cash for designated purposes (Notes 2E and 11)	12,350,937	12,684,233
Total cash	15,307,823	18,334,288
Bequests receivable (Note 2O)	144,261	781,554
Program service fees receivable, net (Note 2J)	9,755	7,786
Contributions and other receivables (Notes 2I, 2M and 2R)	2,828,253	2,678,358
Investments (Notes 2G, 2H and 4)	21,172,525	19,580,614
Prepaid expenses and other assets	319,195	582,074
Inventory and supplies (Note 2F)	687,810	620,432
Property and equipment, net (Notes 2K and 5)	24,357,208	24,275,376
TOTAL ASSETS	$ 64,826,830	$ 66,860,482
LIABILITIES		
Accounts payable and accrued expenses	$ 3,275,247	$ 3,194,529
Annuity payment liability (Note 2L)	328,375	348,502
Accrued pension benefit obligation (Note 6)	3,670,897	3,663,879
TOTAL LIABILITIES	7,274,519	7,206,910
COMMITMENTS AND CONTINGENCIES (Note 13)		
NET ASSETS (Notes 2C and 7)		
Net assets without donor restrictions		
Available for operations	20,816,422	22,582,710
Net investment in property and equipment	24,357,208	24,275,376
Total net assets without donor restrictions	45,173,630	46,858,086
Net assets with donor restrictions (Notes 7 and 12)	12,378,681	12,795,486
TOTAL NET ASSETS	57,552,311	59,653,572
TOTAL LIABILITIES AND NET ASSETS	$ 64,826,830	$ 66,860,482

NORTH SHORE ANIMAL LEAGUE AMERICA, INC. AND THE PET SAVERS FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Year Ended December 31, 2023			Year Ended December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022	Without Donor Restrictions	With Donor Restrictions
SUPPORT, PROGRAM SERVICE AND OTHER REVENUE:						
Support revenue:						
Special events revenue (net of direct expenses of $185,657 and $24,766 in 2023 and 2022, respectively) (Note 2T)	$ 158,653	$ 111,758	$ 270,411	$ 415,654	$ 307,333	$ 108,321
Bequests (Note 2O)	8,153,463	231,781	8,385,244	7,432,174	7,432,174	-
Contributions (Notes 2M and 8)	23,587,688	3,741,385	27,329,073	26,957,203	24,039,957	2,917,246
Noncash contributions (Notes 2N and 15)	517,824	-	517,824	306,646	306,646	-
Total support revenue	32,417,628	4,084,924	36,502,552	35,111,677	32,086,110	3,025,567
Program service revenue (Note 2Q):						
Pet Rescue and Adoption	936,276	25,219	961,495	1,087,941	1,065,341	22,600
Humane Education	5,572	-	5,572	5,621	5,621	-
Spay/Neuter and Veterinary Care	5,830,362	-	5,830,362	5,622,215	5,622,215	-
Mutt-i-grees® Movement	65,753	-	65,753	74,232	74,232	-
Total program service revenue	6,837,963	25,219	6,863,182	6,790,009	6,767,409	22,600
Other revenue:						
Dividends and interest (Note 4)	893,333	16,871	910,204	377,931	360,681	17,250
Pet store sales (net of cost of goods sold of $50,998 and $64,390 in 2023 and 2022, respectively)	23,095	-	23,095	19,570	19,570	-
List rental income (Note 2R)	475,786	-	475,786	572,383	572,383	-
Other revenue	72,281	-	72,281	37,849	37,849	-
Net assets released from restrictions (Note 7)	4,618,654	(4,618,654)	-	-	4,089,558	(4,089,558)
Total other revenue	6,083,149	(4,601,783)	1,481,366	1,007,733	5,080,041	(4,072,308)
TOTAL SUPPORT, PROGRAM SERVICE AND OTHER REVENUE	45,338,740	(491,640)	44,847,100	42,909,419	43,933,560	(1,024,141)
OPERATING EXPENSES:						
Program Services:						
Pet Rescue and Adoption	17,154,321	-	17,154,321	16,051,542	16,051,542	-
Humane Education	5,865,012	-	5,865,012	5,480,805	5,480,805	-
Spay/Neuter and Veterinary Care	17,200,707	-	17,200,707	15,351,008	15,351,008	-
Pet Savers Foundation	41,443	-	41,443	57,374	57,374	-
Total program services	40,261,483	-	40,261,483	36,940,729	36,940,729	-
Supporting Services:						
Management and general	2,012,086	-	2,012,086	1,814,506	1,814,506	-
Fundraising	5,842,777	-	5,842,777	6,139,953	6,139,953	-
Total supporting services	7,854,863	-	7,854,863	7,954,459	7,954,459	-
TOTAL OPERATING EXPENSES	48,116,346	-	48,116,346	44,895,188	44,895,188	-
CHANGE IN NET ASSETS FROM OPERATIONS	(2,777,606)	(491,640)	(3,269,246)	(1,985,769)	(961,628)	(1,024,141)
OTHER CHANGES:						
Net realized and unrealized gain (loss) on investments, net of fees (Note 4)	1,455,709	74,835	1,530,544	(1,405,375)	(1,317,524)	(87,851)
Change in value of split-interest agreements (Note 2L)	(36,445)	-	(36,445)	7,276	7,276	-
Other components of net periodic cost (Note 6)	(317,660)	-	(317,660)	(261,216)	(261,216)	-
Pension related changes other than net periodic pension costs (Note 6)	(8,454)	-	(8,454)	1,183,774	1,183,774	-
CHANGE IN NET ASSETS	(1,684,456)	(416,805)	(2,101,261)	(2,461,310)	(1,349,318)	(1,111,992)
Net assets - beginning of year	46,858,086	12,795,486	59,653,572	62,114,882	48,207,404	13,907,478
NET ASSETS - END OF YEAR	$ 45,173,630	$ 12,378,681	$ 57,552,311	$ 59,653,572	$ 46,858,086	$ 12,795,486

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, 2023

	For the Year Ended December 31, 2023								
	Program Services					Supporting Services			
	Pet Rescue and Adoption	Humane Education	Spay/Neuter and Vet Care	Mutt-i-grees Movement	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2023
Salaries	$ 6,405,502	$ 1,947,633	$ 6,841,392	$ -	$ 15,194,527	$ 709,370	$ 1,468,772	$ 2,178,142	$ 17,372,669
Payroll taxes and employee benefits (Note 6)	2,596,590	771,538	2,712,225	-	6,080,353	230,003	550,042	780,045	6,860,398
Salaries and Related Costs	9,002,092	2,719,171	9,553,617	-	21,274,880	939,373	2,018,814	2,958,187	24,233,067
Grants to other organizations	12,989	16,839	550	-	30,378	-	-	-	30,378
Professional fees	174,725	117,036	159,250	3,570	454,581	192,307	216,112	408,419	863,000
Other components of net periodic cost (Note 6)	76,238	38,119	76,238	-	190,595	63,533	63,532	127,065	317,660
Pet store inventory	50,998	-	-	-	50,998	-	-	-	50,998
Advertising and promotion (Note 2S)	262,759	94,657	130,745	-	488,161	-	161,964	161,964	650,125
Office expenses	395,198	143,014	460,534	481	999,227	307,790	164,419	472,209	1,471,436
Occupancy	233,949	49,030	90,239	-	373,218	53,854	53,854	107,708	480,926
Information technology	551,148	226,820	356,612	31,200	1,165,780	54,615	293,770	348,385	1,514,165
Travel	161,168	23,531	25,086	-	209,785	20,490	6,189	26,679	236,464
Conferences	2,872	535	536	-	3,943	-	944	944	4,887
Insurance	89,881	44,941	89,881	-	224,703	74,901	74,901	149,802	374,505
Direct response expenses (Notes 2U and 9)	-	-	-	-	-	-	2,403,823	2,403,823	2,403,823
Program education materials (Notes 2U and 9)	4,487,515	1,800,203	2,693,455	-	8,981,173	-	-	-	8,981,173
Animal rescue, adoption and medical (Notes 2N and 15)	1,270,363	379,024	3,132,675	-	4,782,062	13,342	17,435	30,777	4,812,839
Events and public relations	64,821	25,928	38,893	-	129,642	-	188,904	188,904	318,546
Depreciation and amortization (Note 5)	356,624	178,312	356,624	6,192	897,752	297,186	297,511	594,697	1,492,449
Bad debt expense (Note 2J)	1,322	778	5,675	-	7,775	-	-	-	7,775
Other expenses	86,895	45,193	106,335	-	238,423	58,228	129,794	188,022	426,445
Subtotal	8,279,465	3,183,960	7,723,328	41,443	19,228,196	1,136,246	4,073,152	5,209,398	24,437,594
Total Costs	17,281,557	5,903,131	17,276,945	41,443	40,503,076	2,075,619	6,091,966	8,167,585	48,670,661
Less: Other components of net periodic cost (Note 6)	(76,238)	(38,119)	(76,238)	-	(190,595)	(63,533)	(63,532)	(127,065)	(317,660)
Less: Cost of goods sold - Pet Store	(50,998)	-	-	-	(50,998)	-	-	-	(50,998)
Less: Direct expenses of special events (Note 2T)	-	-	-	-	-	-	(185,657)	(185,657)	(185,657)
TOTAL EXPENSES	$ 17,154,321	$ 5,865,012	$ 17,200,707	$ 41,443	$ 40,261,483	$ 2,012,086	$ 5,842,777	$ 7,854,863	$ 48,116,346

NORTH SHORE ANIMAL LEAGUE AMERICA, INC. AND THE PET SAVERS FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	For the Year Ended December 31, 2022								
	Program Services					Supporting Services			
	Pet Rescue and Adoption	Humane Education	Spay/Neuter and Vet Care	Mutt-i-grees Movement	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2022
Salaries	$ 5,818,665	$ 1,788,059	$ 6,151,366	$ -	$ 13,758,090	$ 673,235	$ 1,464,802	$ 2,138,037	$ 15,896,127
Payroll taxes and employee benefits (Note 6)	2,123,372	636,625	2,199,756	-	4,959,753	199,318	484,808	684,126	5,643,879
Salaries and Related Costs	7,942,037	2,424,684	8,351,122	-	18,717,843	872,553	1,949,610	2,822,163	21,540,006
Grants to other organizations	13,250	17,800	650	-	31,700	-	-	-	31,700
Professional fees	199,319	115,786	220,596	3,409	539,110	174,764	227,135	401,899	941,009
Other components of net periodic cost (Note 6)	62,692	31,346	62,692	-	156,730	52,243	52,243	104,486	261,216
Pet store inventory	64,390	-	-	-	64,390	-	-	-	64,390
Advertising and promotion (Note 2S)	173,547	66,815	106,119	-	346,481	-	116,934	116,934	463,415
Office expenses	363,380	128,021	382,019	412	873,832	219,392	151,918	371,310	1,245,142
Occupancy	268,329	58,431	105,934	-	432,694	64,855	64,855	129,710	562,404
Information technology	595,441	244,487	377,088	47,362	1,264,378	51,085	316,574	367,659	1,632,037
Travel	142,333	20,322	21,266	-	183,921	19,790	4,625	24,415	208,336
Conferences	1,597	498	665	-	2,760	-	4,229	4,229	6,989
Insurance	84,596	42,298	84,596	-	211,490	70,496	70,496	140,992	352,482
Direct response expenses (Notes 2U and 9)	-	-	-	-	-	-	2,666,093	2,666,093	2,666,093
Program education materials (Notes 2U and 9)	4,363,736	1,761,692	2,619,814	-	8,745,242	-	-	-	8,745,242
Animal rescue, adoption and medical (Notes 2N and 15)	1,431,050	368,875	2,622,430	-	4,422,355	10,325	12,786	23,111	4,445,466
Events and public relations	44,717	17,887	26,830	-	89,434	-	110,292	110,292	199,726
Depreciation and amortization (Note 5)	333,335	166,667	333,335	6,191	839,528	277,779	278,106	555,885	1,395,413
Bad debt expense (Note 2J)	690	406	2,963	-	4,059	-	-	-	4,059
Other expenses	94,185	46,136	95,581	-	235,902	53,467	191,066	244,533	480,435
Subtotal	8,236,587	3,087,467	7,062,578	57,374	18,444,006	994,196	4,267,352	5,261,548	23,705,554
Total Costs	16,178,624	5,512,151	15,413,700	57,374	37,161,849	1,866,749	6,216,962	8,083,711	45,245,560
Less: Other components of net periodic cost (Note 6)	(62,692)	(31,346)	(62,692)	-	(156,730)	(52,243)	(52,243)	(104,486)	(261,216)
Less: Cost of goods sold - Pet Store	(64,390)	-	-	-	(64,390)	-	-	-	(64,390)
Less: Direct expenses of special events (Note 2T)	-	-	-	-	-	-	(24,766)	(24,766)	(24,766)
TOTAL EXPENSES	$ 16,051,542	$ 5,480,805	$ 15,351,008	$ 57,374	$ 36,940,729	$ 1,814,506	$ 6,139,953	$ 7,954,459	$ 44,895,188

NORTH SHORE ANIMAL LEAGUE AMERICA, INC. AND THE PET SAVERS FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (2,101,261)	$ (2,461,310)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	1,492,449	1,395,413
Change in value of split - interest agreements	36,445	(7,276)
Bad debt expense	7,775	4,059
Net realized and unrealized (gain) loss on investments	(1,728,364)	1,241,922
Contributions restricted for endowment	(231,781)	-
Subtotal	(2,524,737)	172,808
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Bequests receivable	637,293	192,399
Program service fees receivable	(9,744)	(668)
Contributions and other receivables	(149,895)	(445,140)
Prepaid expenses and other assets	262,879	282,568
Inventory and supplies	(67,378)	3,889
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	80,718	(197,853)
Annuity payment liability	(56,572)	(66,980)
Accrued pension benefit obligation	7,018	(1,209,459)
Net Cash Used in Operating Activities	(1,820,418)	(1,268,436)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	8,323,721	12,311,500
Purchases of investments	(8,187,268)	(12,951,124)
Purchases of property and equipment	(1,574,281)	(480,117)
Net Cash Used in Investing Activities	(1,437,828)	(1,119,741)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for endowment	231,781	-
Net Cash Provided by Financing Activities	231,781	-
NET DECREASE IN CASH	(3,026,465)	(2,388,177)
Cash - beginning of year	18,334,288	20,722,465
CASH - END OF YEAR	$ 15,307,823	$ 18,334,288

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 (the “Movement”), a national program that raises awareness of the plight of shelter animals, elevates the status of mixed-breed dogs and cats that 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 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 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 as of both December 31, 2023 and 2022.

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 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. All contributions and other receivables as of December 31, 2023 and 2022 are due within one year. There was no allowance for uncollectible contributions and other receivables as of December 31, 2023 and 2022.

J. ***Allowance for Credit Losses*** - The Organization determines whether an allowance should be provided for program service fees receivable. The Organization adopted measurement of credit losses on financial instruments in 2023 and the measurement is based on management's assessment of the aged basis of its accounts, current economic conditions, subsequent receipts and historical information (See Note 2V). Accounts receivable are written off against the allowance for credit losses when all reasonable collection efforts have been exhausted. As of December 31, 2023 and 2022, there was an allowance for credit losses recorded of $14,632 and $11,679, respectively. There were write offs in the amount of $4,822 and $9,160 for the years ended December 31, 2023 and 2022, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in the allowance credit losses for program services fees receivable during the year ended December 31, 2023 were as follows:

Balance, beginning of year	$	11,679
Written off		(4,822)
Bad debt expense		7,775
Balance, end of year	$	14,632

K. ***Property and Equipment*** - Building 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. Building 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 $10,000 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 recalculated annually, and the adjustment is recorded as change 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 $36,445 and a gain of $7,276, respectively, for the years ended December 31, 2023 and 2022. 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, 2023 and 2022. 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.

Donated securities acquired by gift or bequest are liquidated as soon as it is practical to do so.

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 medicine and pet foods of $517,824 and $306,646 for the years ended December 31, 2023 and 2022, respectively.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and amortization, 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 the 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 in which it provides 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, 2023 and 2022 was $222,729 and $253,611, respectively, and is included in contributions and other receivables on the consolidated statements of financial position. List rental income for the years ended December 31, 2023 and 2022 was $475,786 and $572,283, respectively.

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.

V. ***Recent Accounting Pronouncements*** – Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* was adopted for the year ended December 31, 2023. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts. Financial assets held by the Organization that are subject to the guidance in ASU 2016-03 include program service fees receivable. See Note 2J.

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 statements of financial position date, were comprised of the following as of December 31:

Financial assets at year-end:	2023	2022
Cash	$ 15,307,823	$ 18,334,288
Program service fees receivable, net	9,755	7,786
Bequests receivable	144,261	781,554
Contributions and other receivables	2,828,253	2,678,358
Investments	21,172,525	19,580,614
	39,462,617	41,382,600
Less:		
Investments held for charitable gift annuities	(1,998,964)	(1,818,737)
Investments held for endowment	(1,452,087)	(1,128,599)
Donor imposed restriction subject to specified purpose or passage of time	(8,927,630)	(9,848,150)
Financial assets available to meet cash needs for general expenditures within one year	$ 27,083,936	$ 28,587,114

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:

	2023	2022
Equities	$ 14,130,922	$ 12,707,584
U.S. Treasuries	5,176,656	4,921,586
Corporate Bonds	-	476,181
Mutual Funds	1,864,947	1,475,263
	$ 21,172,525	$ 19,580,614

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:

	2023	2022
Dividends and interest	$ 910,204	$ 377,931
Realized gain (loss)	293,841	(553,437)
Unrealized gain (loss)	1,434,523	(688,485)
Less: Investment fees	(197,820)	(163,453)
	$ 2,440,748	$ (1,027,444)

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

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, U.S. Treasuries, corporate bonds 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.

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.

Financial assets carried at fair value at December 31, 2023 are classified as follows:

	Level 1
Investments, at Fair Value	
Equities	$ 14,130,922
U. S. Treasuries	5,176,656
Mutual funds	1,864,947
Total Investments, at Fair Value	$ 21,172,525

Financial assets carried at fair value at December 31, 2022 are classified as follows:

	Level 1
Investments, at Fair Value	
Equities	$ 12,707,584
U. S. Treasuries	4,921,586
Corporate bonds	476,181
Mutual funds	1,475,263
Total Investments, at Fair Value	$ 19,580,614

NOTE 5 – PROPERTY AND EQUIPMENT, NET

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

	2023	2022	Estimated Useful Lives
Land	$ 3,997,698	$ 3,997,698	
Buildings and Building Improvements	31,166,435	30,855,086	10-40 years
Software	663,993	638,995	3-5 years
Furniture, Fixtures, and Equipment	3,733,108	3,201,500	5-7 years
Vehicles	2,798,199	2,346,313	5-7 years
	42,359,433	41,039,592	
Less: accumulated depreciation and amortization	(18,002,225)	(16,764,216)	
	$ 24,357,208	$ 24,275,376	

Depreciation expense amounted to $1,492,449 and $1,395,413 for the years ended December 31, 2023 and 2022, respectively. The Organization wrote off fully depreciated assets with accumulated depreciation and amortization in the amounts of $254,440 and $318,764 for the years ended December 31, 2023 and 2022, 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 document. 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, 2023 and 2022 was $317,660 and $261,216, respectively. The Organization contributed $319,096 and $286,901, respectively, to the Plan while the Plan paid $552,265 and $501,783 in benefits during the years ended December 31, 2023 and 2022, respectively. For the year ending December 31, 2024, the League expects to make contributions of $334,311 to the Plan.

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

	2023	2022
Projected benefit obligation	$ (9,621,426)	$ (9,335,009)
Fair value of Plan assets	5,950,529	5,671,130
Funded status	$ (3,670,897)	$ (3,663,879)
Accrued pension benefit obligation recognized in the Consolidated Statements of Financial Position	$ 3,670,897	$ 3,663,879

NOTE 6 – PENSION AND OTHER BENEFIT PLANS (Continued)

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

	2023	2022
Interest cost	$ 461,340	$ 344,748
Expected return on Plan assets	(360,072)	(464,716)
Net amortization and deferral of net gain	216,392	381,184
Settlement charge	-	-
Net periodic pension costs	$ 317,660	$ 261,216

As a frozen plan, the accumulated benefits obligation for the Plan was $9,621,426 and $9,335,009 as of December 31, 2023 and 2022, respectively.

The net actuarial loss as of December 31, 2023 and 2022 was $2,168,900 and $2,160,446, respectively. Other changes in Plan assets and benefit obligations recognized in net assets without donor restrictions for the years ended December 31 are as follows:

	2023	2022
Amortization of loss	$ 216,392	$ 381,184
New (loss) gain during the year	(224,846)	802,590
Settlement charge during the year	-	-
Net amount recognized in change in net assets without restrictions	$ (8,454)	$ 1,183,774

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:

	2023	2022
Discount rate used to determine benefit obligations	4.90%	5.10%
Discount rate used for net periodic benefit cost	5.10%	2.90%
Rate of compensation increase	N/A	N/A
Expected return on Plan assets	6.5%	6.5%
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:

2024	$ 590,000
2025	600,000
2026	640,000
2027	630,000
2028	650,000
5 years thereafter	3,280,000
	$ 6,390,000

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

NOTE 6 – PENSION AND OTHER BENEFIT PLANS (Continued)

There was a change of third-party administrator from Pentegra Retirement Servies to Principal Financial Services, Inc. during the year end of December 31, 2023.

Following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2023.

Mutual Funds:

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

Short-Term Fixed-Income, Principal LDI Short Duration Separate Account

This portfolio invests in a full range of investment-grade bonds, extending into the universe of U.S. and foreign corporate debt securities rated in the lower half of the investment-grade spectrum when Dimensions believes the credit risk premium warrants the investment. The portfolio also invests in: obligations issued or guaranteed by U.S and foreign governments, their agencies, and instrumentalities; bank obligations; commercial paper; repurchase agreements; obligations of other domestic and foreign issuers having investment-grade ratings; securities of domestic or foreign issuers denominated in U.S. dollars but not trading in the U.S.; and, obligations of supranational organizations.

Fixed-Income, Principal LDI Intermediate Duration Separate Account

The Principal LDI Intermediate Duration portfolio seeks to provide a high level of current income consistent with the stability of principal by investing primarily in corporate fixed income securities that are deemed to be investment grade.

Fixed-Income, Principal LDI Long Duration Separate Account

The Principal LDI Long Duration portfolio emphasis on investing in investment-grade securities offering superior risk-adjusted yield premiums. Risk is carefully diversified at the security, industry/sector and portfolio levels. Exposure to a single corporate issuer is limited to 5% of a portfolio, and particular care is taken to limit the contribution to duration associated with lower-rated credits.

The target duration of the portfolio generally will be maintained between 11 and 15 years. Average portfolio credit quality is typically A-. Portfolios are fully invested, with a minimum of 80% of assets invested in investment-grade securities at all times.

Fixed-Income, Principal LDI Extended Duration Separate Account

The portfolio seeks to provide maximum long-term total return, consistent with prudent risk of principal, by investing primarily in U.S. Treasury STRIPS (principal and coupon). The strategy seeks to outperform the Barclays U.S. Treasury STRIPS 20+ Index over complete market cycles.

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

NOTE 6 – PENSION AND OTHER BENEFIT PLANS (Continued)

Financial assets carried at fair value at December 31, 2023 are classified in the table as follows:

	Total	Level 1
Mutual funds	$ 3,305,572	$ 3,305,572
Total	3,305,572	3,305,572
Principal LDI separate accounts measured at net asset value:		
Short Duration Separate Account	307,666	-
Intermediate Duration Separate Account	1,210,159	-
Long Duration Separate Account	846,342	-
Extended Duration Separate Account	280,790	-
Total measured at NAV	2,644,957	-
Total investments, at fair value	$ 5,950,529	$ 3,305,572

NOTE 6 – PENSION AND OTHER BENEFIT PLANS (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2022.

Mutual Funds:

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 FASB 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:

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.

NOTE 6 – PENSION AND OTHER BENEFIT PLANS (Continued)

Financial assets carried at fair value at December 31, 2022 are classified in the table as follows:

	Total	Level 1
Mutual funds	$ 89,775	$ 89,775
Total	89,775	89,775
Pentegra Retirement Trust funds measured at net asset value:		
Liability Focused Fixed-Income Portfolio	1,682,082	-
Long-Term Growth Equity Portfolio	2,898,507	-
Long-Term Growth Fixed-Income Portfolio	1,000,766	-
Total measured at NAV	5,581,355	-
Total investments, at fair value	$ 5,671,130	$ 89,775

As of Plan-year end December 31, 2022, Plan assets were 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 targeted to hold 51% of assets in equity securities, 17% in intermediate-term investment grade bonds, 30% in long duration bonds, and 2% in a cash equivalents portfolio (for liquidity).

The investment goal was to achieve investment results that would contribute to the proper funding of the pension Plan by exceeding the rate of inflation over the long-term. In addition, investment managers were expected to provide above average performance when compared to their peer managers. Performance volatility was also monitored. Risk/volatility was 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, 2023 and 2022.

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, 2023 and 2022.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Subject to expenditures for specific purpose:		
Unappropriated Endowment Earnings for Scholarship Fund	$ 657,390	$ 565,683
Lewyt Capital Fund	5,903,350	5,903,350
Lewyt Administration Fund	1,809,439	2,809,439
Lewyt Trust Center Stores Renovation	500,000	-
Lewyt Trust Dog Runs Fund	500,000	500,000
Rachael's Rescue initiative	470,868	514,355
Bianca's Furry Friends ("BFF") Wellness Center	454,359	260,574
Rachael Ray Foundation Rescue Fund	400,000	575,000
Family Office Donor Advised Funds	278,722	-
Evelyn H. Kostner Estate	267,414	-
Cat Sanctuary	100,000	-
Irene Rita Pierce Charitable Lead Annuity	62,500	43,750
Baby Doge Donation Supplies for Shelter Partners	50,000	-
Lewyt Trust Ark Renovations	30,549	500,000
Rachael Ray Foundation Memory of Isaboo	-	175,146
Rachael Ray Vet Costs & Animal Care	-	143,112
Rachael Ray Foundation BFF Medical Care	-	125,000
Ann M Bryand Health Care Fund	-	26,338
Miscellaneous programs	99,393	90,823
Subtotal	11,583,984	12,232,570
Endowment principal held in perpetuity:		
Scholarship fund	372,889	372,889
Endowment fund	421,808	190,027
Total net assets with donor restrictions	$12,378,681	$12,795,486

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:

	2023	2022
Rachael's Rescue Initiative	$ 1,157,724	$ 1,020,693
Lewyt Administration Fund	1,000,000	-
Rachael Ray Foundation Rescue Fund	925,000	550,000
Lewyt Trust Ark Renovations	469,451	-
BFF Wellness Center	275,947	600,053
Family Office Donor Advised Funds	221,278	-
Rachael Ray Foundation Memory of Isaboo	175,146	466,666
Rachael Ray Vet Costs & Animal Care	143,112	276,888
Rachael Ray Foundation BFF Medical Care	125,000	250,000
Ann M. Bryand Health Care Fund	76,338	101,260
Baby Doge Donation Supplies for Shelter Partners	10,000	-
Lewyt Capital Fund	-	600,000
Miscellaneous programs	39,658	223,998
	$ 4,618,654	$ 4,089,558

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 $2,083,600 and $2,070,343 for the years ended December 31, 2023 and 2022, 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 2023 and 2022.

NOTE 9 – JOINT COSTS

The Organization incurred joint costs of $10,770,726 and $10,732,555 for the years ended December 31, 2023 and 2022, respectively, for informational materials and activities that included fundraising appeals. Of those costs, $2,005,851 and $2,234,143, respectively, were allocated to fundraising expense and $8,764,875 and $8,498,412, respectively, were allocated to program expense.

NOTE 10 – LINE OF CREDIT

The League has a $3,750,000 secured line of credit with Flagstar Bank (the "Bank") to be drawn down upon as needed for working capital purposes. The line of credit is collateralized by the league's investment account and all securities, investments, and other property from time to time held in the investment account with an aggregate collateral value equal to or greater than $5,769,231. The line of credit is available through September 4, 2024. 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, 2023 and 2022. There were no outstanding borrowings as of December 31, 2023 and 2022. The League did not have an outstanding balance as of August 22, 2024.

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 $4,371,000 and $18,040,000 as of December 31, 2023 and 2022, respectively, at two and three 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 without restrictions 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.

NOTE 12 – ENDOWMENT FUNDS (Continued)

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, 2023 and 2022.

Changes in endowment net assets for the year ended December 31, 2023 are as follows:

	Unappropriated Earnings	Endowment Corpus	Total
Endowment net assets, beginning of year	$ 565,683	$ 562,916	$ 1,128,599
Additions	-	231,781	231,781
Investment fees	(13,068)	-	(13,068)
Investment gain	104,775	-	104,775
Endowment net assets, end of year	$ 657,390	$ 794,697	$ 1,452,087

Changes in endowment net assets for the year ended December 31, 2022 are as follows:

	Unappropriated Earnings	Endowment Corpus	Total
Endowment net assets, beginning of year	$ 636,284	$ 562,916	$ 1,199,200
Investment fees	(12,881)	-	(12,881)
Investment loss	(57,720)	-	(57,720)
Endowment net assets, end of year	$ 565,683	$ 562,916	$ 1,128,599

NOTE 13 – COMMITMENTS AND CONTINGENCIES

A. The League entered into an agreement with Zeta Global, LLC, which provides database processing services. The expense incurred under the agreement for each of the years ended December, 31 2023 and 2022 is $726,000. The League renewed the agreement with Zeta Global, LLC effective January 1, 2024 for a three-year term which automatically renews for successive one-year periods unless otherwise terminated in accordance with the provisions of the Agreement or the Statement of Work. The estimated monthly cost for the years ending December 31, 2024, 2025 and 2026 is $107,800, $98,175 and $98,175, respectively, which will be billed quarterly. The League also entered into a twelve-month data migration agreement with Zeta Global, LLC for a total fee of $801,325 effective January 1, 2024, which will be invoiced in 12 equal payments beginning February 1, 2024.

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 such claims.

C. The Organization has no uncertain tax positions as of December 31, 2023 and 2022 in accordance with FASB 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 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 more than 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 Global Student Ambassadors that provide opportunities for students to make changes that benefit shelter pets and the humane industry. The content from Pre K – Grade 8 lessons and *Cats Are Mutt-i-grees® 2* all have digital counterparts to facilitate classroom use. 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 through a volunteer advisory capacity.

NOTE 15 – CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets consisted of the following for the year ended December 31, 2023:

Nonfinancial Asset	2023	Used in Programs/Activities	Donor-imposed Restriction	Fair Value Technique
Medicine and pet foods	$ 517,824	Programs	No associated donor restrictions	The Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United State

Contributed nonfinancial assets consisted of the following for the year ended December 31, 2022:

Nonfinancial Asset	2022	Used in Programs/Activities	Donor-imposed Restriction	Fair Value Technique
Medicine and pet foods	$ 306,646	Programs	No associated donor restrictions	The Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United State

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated events subsequent to the date of the consolidated statement of financial position through August 22, 2024, the date the consolidated financial statements were available to be issued.

NORTH SHORE ANIMAL LEAGUE AMERICA, INC.
AND THE PET SAVERS FOUNDATION, INC.
Supplementary Information
Consolidating Statement of Financial Position
As of December 31, 2023
(With Comparative Totals as of December 31, 2022)

	As of December 31, 2023				
	North Shore Animal League America	Pet Savers Foundation	Consolidating Eliminations	2023 Consolidated Total	2022 Consolidated Total
ASSETS					
Operating Cash	$ 2,884,916	$ 71,970	$ -	$ 2,956,886	$ 5,650,055
Cash for designated purposes	12,350,937	-	-	12,350,937	12,684,233
Bequests receivable	144,261	-	-	144,261	781,554
Program service fees receivable, net	9,755	-	-	9,755	7,786
Contributions and other receivables	2,811,684	20,347	(3,778)	2,828,253	2,678,358
Investments	21,172,525	-	-	21,172,525	19,580,614
Prepaid expenses and other assets	319,195	-	-	319,195	582,074
Inventory and supplies	687,810	-	-	687,810	620,432
Property and equipment, net	24,347,432	9,776	-	24,357,208	24,275,376
Total Assets	$ 64,728,515	$ 102,093	$ (3,778)	$ 64,826,830	$ 66,860,482
LIABILITIES					
Accounts payable and accrued expenses	$ 3,273,713	$ 5,312	$ (3,778)	$ 3,275,247	$ 3,194,529
Annuity payment liability	328,375	-	-	328,375	348,502
Accrued pension benefit obligation	3,670,897	-	-	3,670,897	3,663,879
Total Liabilities	7,272,985	5,312	(3,778)	7,274,519	7,206,910
NET ASSETS					
Net assets without donor restrictions	45,076,849	96,781	-	45,173,630	46,858,086
Net assets with donor restrictions	12,378,681	-	-	12,378,681	12,795,486
Total Net Assets	57,455,530	96,781	-	57,552,311	59,653,572
Total Liabilities and Net Assets	$ 64,728,515	$ 102,093	$ (3,778)	$ 64,826,830	$ 66,860,482

NORTH SHORE ANIMAL LEAGUE AMERICA, INC.
AND THE PET SAVERS FOUNDATION, INC.
Supplementary Information
Consolidating Statement of Activities
For the Year Ended December 31, 2023
(With Comparative Totals for 2022)

	Year Ended December 31, 2023								
	North Shore Animal League America			Pet Savers Foundation					
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Consolidating Eliminations	2023 Consolidated Total	2022 Consolidated Total
SUPPORT, PROGRAM SERVICE AND OTHER REVENUE:									
Support revenue:									
Special events revenue (net of direct expenses of $185,657 and $24,766 in 2023 and 2022, respectively)	$ 158,653	$ 111,758	$ 270,411	$ -	$ -	$ -	$ -	$ 270,411	$ 415,654
Bequests	8,153,463	231,781	8,385,244	-	-	-	-	8,385,244	7,432,174
Contributions	23,585,864	3,741,385	27,327,249	1,824	-	1,824	-	27,329,073	26,957,203
Noncash contributions	517,824	-	517,824	-	-	-	-	517,824	306,646
Total support revenue	32,415,804	4,084,924	36,500,728	1,824	-	1,824	-	36,502,552	35,111,677
Program service revenue:									
Pet Rescue and Adoption	936,276	25,219	961,495	-	-	-	-	961,495	1,087,941
Humane Education	5,572	-	5,572	-	-	-	-	5,572	5,621
Spay/Neuter and Veterinary Care	5,830,362	-	5,830,362	-	-	-	-	5,830,362	5,622,215
Mutt-i-grees® Movement	-	-	-	65,753	-	65,753	-	65,753	74,232
Total program service revenue	6,772,210	25,219	6,797,429	65,753	-	65,753	-	6,863,182	6,790,009
Other revenue:									
Dividends and interest	893,333	16,871	910,204	-	-	-	-	910,204	377,931
Pet store sales (net of cost of goods sold of $50,998 and $64,390 in 2023 and 2022, respectively)	23,095	-	23,095	-	-	-	-	23,095	19,570
List rental income	475,786	-	475,786	-	-	-	-	475,786	572,383
Other revenue	72,281	-	72,281	-	-	-	-	72,281	37,849
Net assets released from restrictions	4,618,654	(4,618,654)	-	-	-	-	-	-	-
Total other revenue	6,083,149	(4,601,783)	1,481,366	-	-	-	-	1,481,366	1,007,733
TOTAL SUPPORT, PROGRAM SERVICE AND OTHER REVENUE	45,271,163	(491,640)	44,779,523	67,577	-	67,577	-	44,847,100	42,909,419
OPERATING EXPENSES:									
Program Services:									
Pet Rescue and Adoption	17,154,321	-	17,154,321	-	-	-	-	17,154,321	16,051,542
Humane Education	5,865,012	-	5,865,012	-	-	-	-	5,865,012	5,480,805
Spay/Neuter and Veterinary Care	17,200,707	-	17,200,707	-	-	-	-	17,200,707	15,351,008
Mutt-i-grees Movement	-	-	-	41,443	-	41,443	-	41,443	57,374
Total program services	40,220,040	-	40,220,040	41,443	-	41,443	-	40,261,483	36,940,729
Supporting Services:									
Management and general	2,009,353	-	2,009,353	2,733	-	2,733	-	2,012,086	1,814,506
Fundraising	5,842,382	-	5,842,382	395	-	395	-	5,842,777	6,139,953
Total supporting services	7,851,735	-	7,851,735	3,128	-	3,128	-	7,854,863	7,954,459
TOTAL OPERATING EXPENSES	48,071,775	-	48,071,775	44,571	-	44,571	-	48,116,346	44,895,188
CHANGE IN NET ASSETS FROM OPERATIONS	(2,800,612)	(491,640)	(3,292,252)	23,006	-	23,006	-	(3,269,246)	(1,985,769)
OTHER CHANGES:									
Net realized and unrealized gain (loss) on investments, net of fees	1,455,709	74,835	1,530,544	-	-	-	-	1,530,544	(1,405,375)
Change in value of split-interest agreements	(36,445)	-	(36,445)	-	-	-	-	(36,445)	7,276
Other components of net periodic cost	(317,660)	-	(317,660)	-	-	-	-	(317,660)	(261,216)
Pension related changes other than net periodic pension costs	(8,454)	-	(8,454)	-	-	-	-	(8,454)	1,183,774
CHANGE IN NET ASSETS	(1,707,462)	(416,805)	(2,124,267)	23,006	-	23,006	-	(2,101,261)	(2,461,310)
Net assets - beginning of year	46,784,311	12,795,486	59,579,797	73,775	-	73,775	-	59,653,572	62,114,882
NET ASSETS - END OF YEAR	$ 45,076,849	$ 12,378,681	$ 57,455,530	$ 96,781	$ -	$ 96,781	$ -	$ 57,552,311	$ 59,653,572

See independent auditors' report.