



ALLEY CAT ALLIES, INC.

FINANCIAL STATEMENTS

JULY 31, 2020

ALLEY CAT ALLIES, INC.

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Independent Auditors' Report

The Board of Directors
Alley Cat Allies, Inc.
Bethesda, Maryland

We have audited the accompanying financial statements of Alley Cat Allies, Inc. (the Organization), which comprise the statement of financial position as of July 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of July 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Councilor, Buchanan + Mitchell, P.C.

Certified Public Accountants

Washington, D.C.
March 30, 2021

ALLEY CAT ALLIES, INC.

STATEMENT OF FINANCIAL POSITION
JULY 31, 2020

Assets	
Cash and Cash Equivalents	\$ 2,199,616
Investments	1,678,692
Contributions and Bequests Receivable	1,724,273
Prepaid Expenses	190,597
Other Assets	24,646
Investments Restricted for Charitable Gift Annuities	223,398
Beneficial Interest in Remainder Trust	230,722
Security Deposit	39,672
Property and Equipment, Net	<u>2,208,070</u>
Total Assets	<u><u>\$ 8,519,686</u></u>
Liabilities and Net Assets	
Liabilities	
Accounts Payable and Accrued Expenses	\$ 882,313
Charitable Gift Annuities Payable	113,558
Capital Leases Payable	10,830
Deferred Rent	<u>30,615</u>
Total Liabilities	1,037,316
Net Assets	
Without Donor Restrictions	5,535,138
With Donor Restrictions	<u>1,947,232</u>
Total Net Assets	<u>7,482,370</u>
Total Liabilities and Net Assets	<u><u>\$ 8,519,686</u></u>

See accompanying Notes to Financial Statements.

ALLEY CAT ALLIES, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JULY 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Contributions	\$ 8,794,748	\$ -	\$ 8,794,748
Legacies and Bequests	807,729	1,058,075	1,865,804
Federated and Nonfederated Campaigns	6,709	73,434	80,143
Investments Loss	(248,654)	-	(248,654)
Rental Income	31,650	-	31,650
Other Income	36,641	-	36,641
Change in Split-Interest Gifts	2,232	14,036	16,268
Net Assets Released from Restrictions	1,366,205	(1,366,205)	-
Total Revenue	10,797,260	(220,660)	10,576,600
Expenses			
Program Services			
Advocacy	5,074,265	-	5,074,265
Humane Care, Humane Education, and Outreach	2,403,910	-	2,403,910
Law and Policy	955,667	-	955,667
Total Program Services	8,433,842	-	8,433,842
Supporting Services			
Management and General	586,716	-	586,716
Development	583,125	-	583,125
Total Supporting Services	1,169,841	-	1,169,841
Total Expenses	9,603,683	-	9,603,683
Change in Net Assets	1,193,577	(220,660)	972,917
Net Assets, Beginning of Year	4,341,561	2,167,892	6,509,453
Net Assets, End of Year	\$ 5,535,138	\$ 1,947,232	\$ 7,482,370

See accompanying Notes to Financial Statements.

ALLEY CAT ALLIES, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2020

	Program Services			Supporting Services			Total	
	Advocacy	Humane Care, Humane Education, and Outreach	Law and Policy	Total Program Services	Management and General	Development		Total Supporting Services
Salaries, Benefits, and Other Personnel Expenses	\$ 978,260	\$ 404,595	\$ 332,462	\$ 1,715,317	\$ 253,131	\$ 13,836	\$ 266,967	\$ 1,982,284
Printing, Postage, and Caging	1,498,451	62,096	2,026	1,562,573	1,946	346,228	348,174	1,910,747
Professional Services	1,577,853	617,297	441,233	2,636,383	182,573	63,957	246,530	2,882,913
Grant Expense	10,000	821,555	-	831,555	-	-	-	831,555
General Operating Costs	215,859	192,539	61,548	469,946	58,058	132,189	190,247	660,193
Rent and Building Costs	261,659	105,335	86,849	453,843	72,621	7,828	80,449	534,292
Computer Expense	331,939	24,655	29,321	385,915	16,243	11,906	28,149	414,064
Media and Promotion Costs	124,880	66,306	107	191,293	107	3,625	3,732	195,025
Travel and Transportation	75,364	109,532	2,121	187,017	2,037	3,556	5,593	192,610
Total	<u>\$ 5,074,265</u>	<u>\$ 2,403,910</u>	<u>\$ 955,667</u>	<u>\$ 8,433,842</u>	<u>\$ 586,716</u>	<u>\$ 583,125</u>	<u>\$ 1,169,841</u>	<u>\$ 9,603,683</u>

See accompanying Notes to Financial Statements.

ALLEY CAT ALLIES, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2020

Cash Flows from Operating Activities	
Change in Net Assets	\$ 972,917
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation and Amortization	144,865
Loss on Investments	325,507
<u>(Increase) Decrease in Assets</u>	
Contributions and Bequests Receivable	231,162
Beneficial Interest in Remainder Trust	(14,037)
Prepaid Expenses	(10,508)
Pre-Publication Costs	282,750
Other Assets	46
Security Deposit	11,293
<u>Increase (Decrease) in Liabilities</u>	
Accounts Payable and Accrued Expenses	(227,080)
Charitable Gift Annuities Payable	(13,164)
Deferred Rent	(52,049)
Net Cash Provided by Operating Activities	1,651,702
Cash Flows from Investing Activities	
Purchases of Investments	(82,448)
Proceeds from Sales of Investments	2,958
Purchases of Property and Equipment	(944,390)
Net Cash Used in Investing Activities	(1,023,880)
Cash Flows from Financing Activities	
Repayment on Line of Credit	(100,000)
Principal Payments on Capital Leases Payable	(3,817)
Net Cash Used in Financing Activities	(103,817)
Net Increase in Cash and Cash Equivalents	524,005
Cash and Cash Equivalents, Beginning of Year	1,675,611
Cash and Cash Equivalents, End of Year	\$ 2,199,616

See accompanying Notes to Financial Statements.

ALLEY CAT ALLIES, INC.

NOTES TO FINANCIAL STATEMENTS
JULY 31, 2020

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Alley Cat Allies, Inc. (the Organization), was incorporated under the laws of the State of Delaware on October 16, 1991.

Alley Cat Allies, Inc.'s mission is to transform and develop communities to protect and improve the lives of cats.

The Organization is funded primarily by contributions.

The major programs of the Organization are as follows:

Advocacy

The Organization's mission is met primarily through advocacy.

The Organization empowers and mobilizes citizens (taxpayers) to change policies in their own communities that dictate how animals are treated. Citizens around the country and world request the Organization's help to engage lawmakers so new laws are passed in their city and state to better protect the lives of cats and other animals.

Internationally, the Organization focuses on helping advance lifesaving policies at local and regional government levels. At the national level in the United States and in other nations, the Organization advocates to shift societal views and national policies and laws.

The Organization's shelter reform program creates lifesaving and life enhancing policies for cats and all in hundreds of local shelters including government agencies, contracted shelters, and nonprofit humane societies which receive private and public funding.

The Organization's goal is to create a society in which cats are not subject to cruelty and lethal "control" schemes. The Organization is working toward transformational societal change, with a particular, but not exclusive, focus on compassion for animals, community empowerment, and community cohesion. This work includes environmental care and sustainability. All of the Organization's work hinges on society having sufficient resources, vibrant communities, and a healthy planet.

Humane Care, Humane Education, and Outreach

The Organization provides multiple programs to help directly with animals. The Organization's direct care includes - but is not limited to - hands-on veterinary treatment including spay and neuter, vaccinations, treatment of illnesses, emergency surgery; provision of food and supplies to rescue groups; and delivery of food for distribution to families in need.

The Organization provides grants and published resources, workshops and online webinars, and collaborates with grassroots groups, individuals, and community leaders to build alliances and update ordinances that impact animals. The Organization's humane education, direct care, rescue efforts, and kitten care efforts are extensive in scope and in terms of locality, spans

ALLEY CAT ALLIES, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2020

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Humane Care, Humane Education, and Outreach (Continued)

both the United States and beyond. The Organization has worked extensively in states including Louisiana and Florida, and dozens of metropolitan areas including Jacksonville, Florida, Houston, Texas, Atlantic City, New Jersey, and Northern California to further mission impact.

The Organization provides funding and resources to nonprofit 501(c)(3) entities to support high-volume spay and neuter and vaccination, microchip clinics, as well as veterinary care and Trap-Neuter-Return (TNR), Return-to-Field (RTF), and Shelter-Neuter-Return (SNR). The Organization responds to natural and human disasters and provide relief, emergency funding, and transport.

The Organization responds in crises, conducts rescue work, and assists geographically and/or economically displaced families to stay together with their animal family members.

Law and Policy

The many policy and legal issues with which the Organization engages includes Trap-Neuter-Return, Return-to-Field, Shelter-Neuter-Return ordinances; legislation that bans declawing; policies that replace 'lethal cat control schemes' with nonlethal cat management policies rooted in compassionate conservation; and the rescission of feeding bans. The Organization's goal is to improve the lives of cats as well as humans and other animals giving them a much better quality of life, public health safety, and peace.

The Organization organizes grassroots groups and individuals. The Organization provides trainings, teaches best practices, drafts bills and policies, conducts research, shares scientific findings and other supporting information, provides support of legal challenges, and more. The Organization provides guidebooks and trainings to educate citizens on how local ordinances are passed and changed, how local political decisions are made, and on how to effectively advocate for change.

The Organization provides resources to achieve justice in cat cruelty cases, to see that laws that endanger cats are abolished, and to help ensure the passage of humane ordinances and state laws with progressive language that protects cats, other animals, and caregivers.

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when incurred.

ALLEY CAT ALLIES, INC.

NOTES TO FINANCIAL STATEMENTS
JULY 31, 2020

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is exempt under Section 501(c)(3) of the Internal Revenue Code (the Code) from the payment of taxes on income other than unrelated business income. No provision for income tax is required for the year ended July 31, 2020, as the Organization had no net unrelated business income. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

The Organization requires that a tax position be recognized or derecognized based on a “more-likely-than-not” threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include, or reflect, any uncertain tax positions.

The Organization’s IRS Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the taxing authorities, generally for three years after filing.

Cash and Cash Equivalents

Cash and cash equivalents include cash in checking accounts and short-term investments with an original maturity of three months or less, excluding amounts held in the investment accounts.

Investments

Investments are recorded at fair market value.

Risks and Uncertainties

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

Contributions and Bequests Receivable

Contributions and bequests receivable consist primarily of amounts due from pledges that were not received by the Organization at year end. Management reviews the collectability of the accounts on a regular basis. No reserve for doubtful accounts is deemed necessary as all amounts are deemed to be fully collectible. Contributions are recognized when the donor makes an unconditional promise to give.

Property and Equipment

Property and equipment are recorded at cost, if purchased, or fair market value at date of donation, if contributed, and depreciated over the estimated useful lives using the straight-line method. Leasehold improvements are amortized over the lesser of the term of the related lease or estimated useful life of the asset. Repairs and maintenance costs are expensed as incurred. The Organization follows the practice of capitalizing all expenditures for property and equipment exceeding \$1,500.

ALLEY CAT ALLIES, INC.

NOTES TO FINANCIAL STATEMENTS
JULY 31, 2020

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

The Organization reports unconditional gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed conditions and/or restrictions that are met in the same reporting period are reported as unconditional contributions without donor restrictions.

Pre-Publication Costs

Pre-publication costs represent direct costs incurred in the development of educational titles prior to publication. These costs are recognized as intangible assets where the title will generate probable future economic benefits within their normal operating cycle and costs can be measured reliably. Pre-publication costs of approximately \$283,000 were written off during the year ended July 31, 2020, and included in professional services in the statement of functional expenses, due to impairment.

Deferred Rent

The Organization's lease for office space includes predetermined annual increases in rent payments. Generally accepted accounting principles require that lease expense for such operating leases be recognized on a straight-line basis over the life of the lease. Accordingly, a deferred rent liability has been established for this predetermined annual increase, which will be amortized over the life of the lease.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits, and other personnel expenses, rent and building costs, and general operating costs. These expenses are allocated on the basis of estimates of time and effort by employees or on the basis of headcount. Expenses directly identifiable to specific programs and supporting activities are presented accordingly.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ALLEY CAT ALLIES, INC.

NOTES TO FINANCIAL STATEMENTS
JULY 31, 2020

2. ADOPTION OF ACCOUNTING STANDARDS UPDATE 2018-08

During the year ended July 31, 2020, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides additional guidance in (1) evaluating whether transactions should be accounted for as contributions (within the scope of ASC 958) or as exchange (reciprocal) transactions (subject to ASC 606); and (2) distinguishing between conditional and unconditional contributions. Management believes that the adoption of this ASU enhances the comparability of financial information among not-for-profit entities. This change in accounting principle was adopted on a modified prospective basis. The impact of adoption was not material to the financial statements.

3. LIQUIDITY AND AVAILABLE RESOURCES

The Organization's cash flows have seasonal variations due to the timing of receipt of contributions, legacies and bequests, and vendor payments made. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

As of July 31, 2020, the following financial assets and liquidity sources are available for general operating expenditures in the year ending July 31, 2021:

Description	Amount
Cash and Cash Equivalents	\$ 2,199,616
Investments	1,678,692
Contributions and Bequests Receivable, Less Noncurrent Portion	1,719,685
Total Financial Assets and Liquidity Resources Available	<u>\$ 5,597,993</u>

The Organization also has a \$500,000 line of credit which can be utilized to meet cash flow needs.

4. CONCENTRATIONS

The Organization maintains cash balances at financial institutions in the Washington, D.C., metropolitan area. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization also maintains an account with a brokerage firm. The account contains cash and securities. Balances are insured up to \$500,000 (with a limit of \$100,000 for cash) by the Securities Investor Protection Corporation. At times during the year, the Organization's cash and securities balances exceeded the insured amounts. Management monitors the risk but does not anticipate any credit losses and has not experienced any credit losses on these financial instruments.

As of July 31, 2020, approximately 32% of contributions and bequests receivable was due from one donor and approximately 33% of legacies and bequests revenue was recognized from one donor.

ALLEY CAT ALLIES, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2020

5. SPLIT-INTEREST AGREEMENTS

Charitable Gift Annuities

The Organization has entered into contracts with annuitants to pay periodic stipulated payments to the annuitants or other designated individuals that terminate at specified times. The Organization records a liability based on the present value of the future payments resulting from the annuity contracts at the date of the gift. The excess (or deficiency) in the amount of each annuity gift over the liability is recorded as contributions in the accompanying statement of activities.

The present value of payments to beneficiaries of gift annuities is calculated using discount rates which represent the risk-free rates in existence at the date of gift. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the statement of activities.

Beneficial Interest in Remainder Trust

The Organization is one of the beneficiaries of an irrevocable charitable trust (the Trust) established by a donor. Under terms of the Trust, the Organization receives annual distributions from the Trust's investment income and will receive 7.5% of the Trust's remainder principal in fiscal year 2026.

The present value of the Trust's principal is calculated using discount rates which represent the risk-free rates in existence at the date of the gift. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the respective net asset class in the statement of activities.

6. RETIREMENT PLANS

The Organization maintains both a 403(b) tax deferred annuity plan (the 403(b) Plan) and a money purchase plan (the MP Plan) for eligible employees. Under the 403(b) Plan, employees may elect to defer a portion of their compensation up to certain Internal Revenue Service limits. The MP Plan provides for a match of up to 2% of compensation based on employee deferrals to the 403(b) Plan and an additional employer contribution of 3% of compensation. Employees vest in the MP Plan based on length of service. For the year ended July 31, 2020, the Organization made contributions to both plans totaling approximately \$55,900.

ALLEY CAT ALLIES, INC.

NOTES TO FINANCIAL STATEMENTS
JULY 31, 2020

7. PROPERTY AND EQUIPMENT

As of July 31, 2020, the Organization's property and equipment consisted of the following:

<u>Description</u>	<u>Amount</u>
Equipment	\$ 469,847
Equipment Held under Capital Leases	19,565
Software and Website	557,191
Furniture and Fixtures	148,558
Land, Excluding Rental Property	1,036,975
Buildings, Excluding Rental Property	510,581
Vehicles	138,134
Rental Property	577,772
Leasehold Improvements	95,304
Other Assets	32,519
	<u>3,586,446</u>
Less Accumulated Depreciation and Amortization	<u>(1,378,376)</u>
Property and Equipment, Net	<u>\$ 2,208,070</u>

8. OFFICE LEASING ARRANGEMENT

The Organization has a lease for office and storage space which expires in June 2021. The lease contains a five-year renewal option at 95% of the prevailing market rate. In addition to the base rent, the Organization is required to pay its pro-rata share of operating expenses and real estate taxes over the base amount. Subsequent to year end, the Organization amended the lease to reduce the square footage.

Future minimum lease payments subsequent to the lease amendment to reduce the square footage, total approximately \$322,000 for the year ending July 31, 2021.

For the year ended July 31, 2020, rent expense was approximately \$444,800.

9. CAPITAL LEASING ARRANGEMENT

During the year ended July 31, 2019, the Organization began leasing office equipment under capital leases which expire in August 2023. The assets and liabilities under the capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. The assets are amortized over the shorter of the related lease term or the estimated useful life. Amortization on the equipment held under the capital leases is included with depreciation expense. Accumulated amortization of the assets held under capital leases was approximately \$9,000 as of July 31, 2020.

ALLEY CAT ALLIES, INC.

**NOTES TO FINANCIAL STATEMENTS
JULY 31, 2020**

9. CAPITAL LEASING ARRANGEMENT (CONTINUED)

The following is a schedule of future minimum lease payments under the capital leases:

<u>For the Years Ending July 31,</u>	<u>Amount</u>
2021	\$ 4,271
2022	4,271
2023	2,766
2024	<u>62</u>
Total Minimum Lease Payments	11,370
Less Amount Representing Interest	<u>(540)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$ 10,830</u></u>

10. FAIR VALUE MEASUREMENTS

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

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets (examples include mutual funds);

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active (examples include corporate or municipal bonds);

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs into the determination of fair value require significant management judgment (examples include certain private equity securities and split-interest agreements).

The following presents the Organization's assets measured at fair value as of July 31, 2020:

<u>July 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity Securities and Mutual Funds	\$ 1,790,501	\$ -	\$ -	\$ 1,790,501
Cash, Held in Investment Accounts	<u>111,589</u>	<u>-</u>	<u>-</u>	<u>111,589</u>
Subtotal	1,902,090	-	-	1,902,090
Beneficial Interest in Charitable Trust	<u>-</u>	<u>-</u>	<u>230,722</u>	<u>230,722</u>
Total	<u><u>\$ 1,902,090</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 230,722</u></u>	<u><u>\$ 2,132,812</u></u>

Level 1 investments are valued based on quotations as reported on national exchanges. The beneficial interest in the charitable trust (the Trust) was valued using the Organization's pro-rata percentage interest in the Trust and the present value of the quoted market prices for the Trust assets.

ALLEY CAT ALLIES, INC.

**NOTES TO FINANCIAL STATEMENTS
JULY 31, 2020**

10. FAIR VALUE MEASUREMENTS (CONTINUED)

For the year ended July 31, 2020, the change in assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) was as follows:

July 31, 2020	Amount
Beginning Balance	\$ 216,685
Change in Present Value	48,523
Distributions	(34,486)
Ending Balance	\$ 230,722

11. NET ASSETS WITH DONOR RESTRICTIONS

As of July 31, 2020, the Organization's net assets with donor restrictions were available for the following purposes:

Purpose	Amount
Subsequent Years' Activities	\$ 1,947,232
Total Net Assets With Donor Restrictions	\$ 1,947,232

For the year ended July 31, 2020, net assets were released from restrictions by incurring expenses satisfying the purpose restrictions or time restrictions as follows:

Purpose	Amount
Subsequent Years' Activities	\$ 1,366,205
Net Assets Released from Restrictions	\$ 1,366,205

12. ALLOCATION OF JOINT COSTS

During the year ended July 31, 2020, the Organization conducted activities that included requests for contributions and program components. Those activities included mail campaigns, informational materials, program activities and special program events. The total joint costs of conducting these activities for the year ended July 31, 2020, which are not specifically attributable to particular components of the activities, were allocated as follows:

Description	Amount
Program Services Expenses	\$ 1,453,501
Development Expenses	167,938
Total Joint Costs	\$ 1,621,439

ALLEY CAT ALLIES, INC.

NOTES TO FINANCIAL STATEMENTS
JULY 31, 2020

13. CONTRIBUTIONS AND BEQUESTS RECEIVABLE

Contributions and bequests receivable consisted of the following as of July 31, 2020:

Description	Amount
Contributions and Bequests Receivable Due in Less Than One Year	\$ 1,719,685
Contributions and Bequests Receivable Due in One to Five Years	<u>5,000</u>
Total Contributions and Bequests Receivable	1,724,685
Less Discount to Present Value	<u>(412)</u>
Contributions and Bequests Receivable, Net	<u><u>\$ 1,724,273</u></u>

Contributions and bequests receivable have been discounted at a rate of approximately 1% at July 31, 2020.

14. LINE OF CREDIT

The Organization maintains a \$500,000 secured line of credit with a bank which expires October 29, 2022. Interest on the line of credit is charged at prime plus 1%, but will never be less than 4.25%. The line is collateralized by all of the Organization's assets and is subject to certain covenants as stipulated by the lender. As of July 31, 2020, there was no line of credit account balance.

15. CONTINGENCIES

The spread of COVID-19 (coronavirus disease) has had a disruptive impact on the daily life and operations of individuals, businesses, and nonprofit organizations around the world. There is uncertainty about financial and economic impacts in all sectors of the economy. The financial markets have experienced significant volatility, and this may continue for an extended period of time. In light of these circumstances, management continues to assess how best to adapt to changed circumstances.

16. SUBSEQUENT EVENTS

Subsequent events were evaluated through March 30, 2021, which is the date the financial statements were available to be issued.

In March of 2021, the Organization amended its office lease to extend the lease through June 30, 2024. Effective March 1, 2021, monthly lease payments are \$23,675 with annual increases of approximately 2.2%. Six months of rent are abated under the extension.