PEGGY ADAMS ANIMAL RESCUE LEAGUE
OF THE PALM BEACHES, INC.

REPORT ON AUDIT OF
FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

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Holyfield & Thomas, LLC
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Peggy Adams Animal Rescue League
of the Palm Beaches, Inc.
West Palm Beach, Florida

Opinion

We have audited the accompanying financial statements of Peggy Adams Animal Rescue League of the Palm Beaches, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Peggy Adams Animal Rescue League of the Palm Beaches, Inc., as of December 31, 2024, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Peggy Adams Animal Rescue League of the Palm Beaches, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Peggy Adams Animal Rescue League of the Palm Beaches, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Peggy Adams Animal Rescue League of the Palm Beaches, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Peggy Adams Animal Rescue League of the Palm Beaches, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Holyfield & Thomas, LLC

West Palm Beach, Florida
May 21, 2025

As of December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Totals
ASSETS			
Cash and cash equivalents	$ 5,476,979	$ 156,915	$ 5,633,894
Accounts receivable	30,426	-	30,426
Pledges receivable, current	366,213	62,000	428,213
Grants receivable	-	50,000	50,000
Mortgage receivable, current	7,634	-	7,634
Inventory	71,158	-	71,158
Prepaid expenses	299,528	-	299,528
Total current assets	6,251,938	268,915	6,520,853
Pledges receivable, net	-	63,266	63,266
Mortgage receivable	64,801	-	64,801
Contribution receivable - endowment	-	3,711,274	3,711,274
Investments	38,542,288	-	38,542,288
Beneficial interest in assets held by Community Foundation	-	601,149	601,149
Beneficial interest in trusts	-	65,481,396	65,481,396
Operating lease right-of-use asset	10,601	-	10,601
Property and equipment, net	30,216,051	-	30,216,051
Total assets	$ 75,085,679	$ 70,126,000	$ 145,211,679
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable	$ 235,108	$ -	$ 235,108
Accrued expenses	466,602	-	466,602
Deferred income	23,860	-	23,860
Operating lease obligation, current	9,779	-	9,779
Total current liabilities	735,349	-	735,349
Operating lease obligation	822	-	822
Total liabilities	736,171	-	736,171
Net assets	74,349,508	70,126,000	144,475,508
Total liabilities and net assets	$ 75,085,679	$ 70,126,000	$ 145,211,679

See accompanying notes to financial statements.

For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Totals
Support and revenues:			
Support:			
Contributions	$ 6,272,438	$ 1,580,914	$ 7,853,352
Donated goods and services	270,170	-	270,170
Mail appeal, net	253,886	-	253,886
Revenues:			
Sheltering and adoption	734,526	-	734,526
Clinic	1,491,051	-	1,491,051
Boutique, net	28,473	-	28,473
Special events:			
Gross proceeds	2,183,244	-	2,183,244
Less direct benefit costs	(270,104)	-	(270,104)
Net proceeds from special events	1,913,140	-	1,913,140
Total support and revenues	10,963,684	1,580,914	12,544,598
Net assets released from restrictions	4,188,236	(4,188,236)	-
	15,151,920	(2,607,322)	12,544,598
Expenses:			
Program services:			
Sheltering and adoption	9,666,658	-	9,666,658
Clinic	1,692,471	-	1,692,471
Total program services	11,359,129	-	11,359,129
Supporting services:			
Management and general	971,923	-	971,923
Fundraising and development	1,019,552	-	1,019,552
Total expenses	13,350,604	-	13,350,604
Change in net assets before other income	1,801,316	(2,607,322)	(806,006)
Other income:			
Interest income	64,231	-	64,231
Mortgage interest income	6,370	-	6,370
Investment income, net	897,670	-	897,670
Net realized and change in unrealized gain on investments	3,040,222	-	3,040,222
Change in value of:			
Community Foundation	-	39,735	39,735
Beneficial interest in trusts	-	11,574,050	11,574,050
Gain on disposal of assets	35,500	-	35,500
Total other income	4,043,993	11,613,785	15,657,778
Change in net assets	5,845,309	9,006,463	14,851,772
Net assets, beginning of year	68,504,199	61,119,537	129,623,736
Net assets, end of year	$ 74,349,508	$ 70,126,000	$ 144,475,508

See accompanying notes to financial statements.

For the Year Ended December 31, 2024

Cash flows from operating activities:	
Cash received from contributors	$ 10,533,190
Cash received from clinic, sheltering and adoption services	2,228,974
Cash received from boutique and special events, net	1,941,613
Cash paid to suppliers and employees	(11,185,170)
Interest and investment income, net	968,271
Net cash provided by operating activities	4,486,878
Cash flows from investing activities:	
Principal collections on mortgage receivable	9,947
Proceeds from sale of investments	16,991,598
Purchase of investments	(18,955,916)
Contribution to beneficial interest in assets held by Community Foundation	(103,000)
Proceeds from sale of property and equipment	35,500
Purchase of property and equipment	(487,751)
Net cash used in investing activities	(2,509,622)
Net change in cash and cash equivalents	1,977,256
Cash and cash equivalents, beginning of year	3,656,638
Cash and cash equivalents, end of year	$ 5,633,894

See accompanying notes to financial statements.

For the Year Ended December 31, 2024

Reconciliation of change in net assets to net cash provided by operating activities:	
Change in net assets	$ 14,851,772
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,814,543
Net realized and change in unrealized gain on investments	(3,040,222)
Change in value of:	
Community Foundation	(39,735)
Beneficial interest in trusts	(11,574,050)
Gain on disposal of assets	(35,500)
Changes in:	
Decrease (increase) in	
Accounts receivable	19,486
Pledges receivable	(4,534)
Grants receivable	50,000
Contribution receivable - endowment	(64,601)
Beneficial interest in charitable trusts	2,445,087
Inventory	(19,714)
Prepaid expenses	25,948
Increase (decrease) in	
Accounts payable	(87,984)
Accrued expenses	162,471
Deferred income	(16,089)
Net cash provided by operating activities	$ 4,486,878

See accompanying notes to financial statements.

PEGGY ADAMS ANIMAL RESCUE LEAGUE
OF THE PALM BEACHES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2024

	Program Services		Supporting Services		
	Sheltering and Adoption	Clinic	Management and General	Fundraising	Totals
Salaries and related expenses:					
Salaries	$ 4,416,827	$ 808,877	$ 453,750	$ 581,061	$ 6,260,515
Employee benefits	403,193	75,718	36,259	28,490	543,660
Payroll taxes	361,554	65,834	34,015	45,591	506,994
Total salaries and related expenses	5,181,574	950,429	524,024	655,142	7,311,169
Other expenses:					
Advertising and marketing	15,234	4,539	-	54,660	74,433
Depreciation	1,542,362	181,454	54,436	36,291	1,814,543
Employee costs	60,012	11,092	35,654	9,674	116,432
Event expenses	10,714	4,259	9,611	14,143	38,727
Facility maintenance and repairs	300,167	-	-	-	300,167
Insurance	300,190	35,317	10,595	7,063	353,165
Occupancy costs	40,644	4,782	1,435	956	47,817
Office expenses and supplies	36,311	7,976	115,056	82,376	241,719
Outside contractors	112,615	56,730	196,916	62,313	428,574
Printing and promotion	4,517	981	542	75,847	81,887
Program expenses and supplies	1,457,964	360,385	-	953	1,819,302
Telephone and internet	42,278	8,420	3,636	6,079	60,413
Utilities	556,698	66,098	20,018	13,975	656,789
Vehicle maintenance	5,378	9	-	80	5,467
Total other expenses	4,485,084	742,042	447,899	364,410	6,039,435
Total functional expenses	$ 9,666,658	$ 1,692,471	$ 971,923	$ 1,019,552	$ 13,350,604

See accompanying notes to financial statements.

1. Description of Organization

The Peggy Adams Animal Rescue League of the Palm Beaches, Inc. (the "Organization") is a nonprofit organization. The Organization was formed to encourage humane treatment of animals and promote animal welfare by providing adoption facilities and medical services to domesticated animals and by community education. The Organization's support comes primarily from individual donors' contributions, distributions from trusts, payments for medical services provided to the animals, and adoption fees. The Organization also operates a boutique store.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Financial Statement Presentation

The Organization has adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205 *Not-for-Profit Entities, Presentation of Financial Statements*. Accordingly, the net assets of the Organization are reporting in each of the following classes:

> Net assets without donor restrictions – Include financial resources that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of Organization's management and the Board of Directors.
>
> Net assts with donor restrictions – Include financial resources that are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP generally requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers cash held in checking and money market accounts, and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents, other than those held as part of the Organization's investment portfolios.

2. Summary of Significant Accounting Policies, continued

Accounts Receivable

Accounts receivable are recorded at estimated net realizable value and result in the normal course of business. An allowance for doubtful accounts is based on an analysis of expected collection rates determined from experience. No allowance was deemed necessary for accounts receivable as they were deemed fully collectible by management.

Pledges and Grants Receivable

Pledges and grants receivable in the accompanying statement of financial position consist of donor's unconditional promises to give that are recognized as support and receivable in the period the promise is received. The Organization recognizes pledges and grants receivable at estimated net realizable value for pledges and grants due within one year. Pledges and grants receivable with payment terms in excess of one year are recorded at the present value of the expected future cash flows. Amortization of the discounts, if any, related to the pledges and grants receivable is recognized over the period of the promise as a contribution. No allowance was deemed necessary for pledges and grants receivable as they were deemed fully collectible by management.

Unconditional promises to give are reported as an increase in net assets with or without donor restrictions, depending on the nature of the donor-imposed restriction, if any.

Inventory

Inventory is composed of pet supplies held for sale. Inventory is recorded at the lower of cost (based on the first-in, first-out method) or market value.

Investments

The Organization reports investments at fair value. Investments as of December 31, 2024 consist primarily of cash and cash equivalents, fixed-income securities, domestic and international equities, emerging markets and real estate. Cash and cash equivalents accounts maintained by the Organization's investment portfolio are part of the Organization's investment policy and are classified as investments.

Investments consist of board-designated endowment assets and are managed in accordance with Board approved investment and spending policies. The policies, including the policy establishing the portion of the portfolio to be spent annually, seek to preserve the value of the portfolio in real terms and to generate a reliable flow of earnings for support of the Organization. The investment policy provides for major classes of assets, including cash and cash equivalents, fixed-income securities, domestic and international equities, emerging markets, and real estate.

Net investment income consists of interest and dividend income, net of $144,688, in external and direct internal investment expenses. Net investment income is reported in the statement of activities as a change in net assets without donor restrictions unless the use of the income is limited by donor-imposed restrictions.

Beneficial Interest in Trusts

The Organization is a beneficiary of two different types of trusts whereby other individuals serve as those trusts' trustees. The Organization's is the beneficiary of five (5) charitable remainder trusts, and one (1) perpetual trust that are administered by outside agents designated by the donors. The Organization does not have possession or control over the assets of these trusts.

2. <u>Summary of Significant Accounting Policies</u>, continued

Beneficial Interest in Trusts, continued

At the date the Organization receives notice of a beneficial interest from a charitable reminder trust, a contribution with donor restrictions is recorded in the statements of activities and a beneficial interest in charitable trusts held by others is recorded in the statements of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Thereafter, beneficial interests in the trusts are reported at fair value in the statements of financial position, with changes in fair value recognized in the statements of activities.

Upon receipt of trust distributions or expenditures, or both, in satisfaction of the donor-restricted purpose, if any, net assets with donor-imposed time or purpose restrictions are released to net assets without donor restrictions.

Perpetual trusts provide for the distribution of the net income of the trusts to the Organization; however, the Organization will never receive the assets of the trusts. At the date the Organization receives notice of a beneficial interest, a contribution with donor restrictions of a perpetual nature is recorded in the statements of activities and a beneficial interest in perpetual trust is recorded in the statements of financial position at the fair value of the underlying trust assets. Thereafter, beneficial interests in the trust are reported at the fair value of the trusts' assets in the statements of financial position, with trust distributions and changes in fair value recognized in the statements of activities.

Changes in the fair values of the Organization's benefit interest under the charitable remainder and perpetual income trust arrangements are recorded in the statement of activities as net assets with donor restrictions with the caption "change in value of beneficial interest in trusts."

Property and Equipment

Property and equipment are stated at cost or, if donated, at fair value at the date of donation. The Organization capitalizes all expenditures for property and equipment whose cost is equal to or in excess of $2,500 and whose useful life is greater than one year. Construction in progress is recorded at cost and is not depreciated until the asset is put into service. Depreciation is computed by the straight-line method over the following estimated useful lives of the assets:

	Years
Building and improvements	10 – 30
Land improvements	5 – 10
Furniture and equipment	5 – 10
Vehicles	5

Leases

The Organization accounts for all leases in accordance with ASC 842, Leases, recognizing lease liabilities and right-of-use (ROU) assets in the statement of financial position for all leases that meet the definition of a lease, except for short-term leases with lease terms of 12 months or less where practical expedient to not recognize lease liabilities and ROU assets is elected. Lease payments are recognized as rent expense in the statement of activities on a straight-line basis over the term of the lease.

2. Summary of Significant Accounting Policies, continued

Revenue Recognition

The Organization's recognizes contribution support in accordance with FASB ASC 958, *Not-For-Profit Entities*. Contributions received are recognized at fair value, as are unconditional promises to give when the promise is made. Contributions that are to be collected more than one year in the future are recorded at their discounted present value. All contributions are considered to be available for general use unless specifically restricted by the donor. Amounts received that are restricted for future periods (time restriction) or are restricted by the donor for specific purposes (purpose restriction) are reported as increases to net assets with donor restrictions. All pledged amounts accounted for as campaign contributions are considered to be time restricted by donors since amounts are unconditional promises to give with payments due in future periods. Cash contributions received with no donor stipulations are recorded as increases to net assets without donor restrictions upon receipt of the gifts.

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 to net assets without donor restrictions and are reported in the statement of activities as "net assets released from restrictions."

The Organization is a beneficiary under various wills and trust agreements. Related amounts are recorded when either a will is declared valid by a probate court or the Organization is notified as being an irrevocable beneficiary of a trust, and the expected proceeds are measurable.

Reciprocal transfers in which each party receives and sacrifices goods or services with approximate commensurate value are recognized as exchange transactions. The Organization evaluates exchange transactions based on the criteria set forth in FASB Accounting Standards Update ("ASU"), *Revenue from Contracts with Customers* ("Topic 606"). The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

Special event revenue is recognized in accordance with FASB Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended, which applies to exchange transactions and not to contributions and other nonreciprocal transfers to the Organization. In accordance with ASU 2014-09, the Organization records special event revenue equal to the fair value of the direct benefit to donors, and contribution income for the excess received at the point in time when the event takes place. Payments for special events are due on or before the occurrence of the event. Revenue received in advance for future fundraising events and conditional contributions are deferred until the event is held or the donor's condition is met.

Donated Materials, Supplies and Goods (In-kind contributions)

Donated material, supplies and goods in-kind contributions are recognized as contributions in accordance with FASB ASC 958-605, *Revenue Recognition*, if the goods (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. The Organization does not sell donated gifts. These goods also did not have donor-imposed restrictions. Contributed animal food was utilized in the animal shelter and the food pantry.

2. Summary of Significant Accounting Policies, continued

Donated Materials, Supplies and Goods (In-kind contributions), continued

Fair value techniques and inputs are as follows:

Animal food and medical supplies – Valued based on the estimated price of wholesale values for similar products if purchased in the United States.

Special events – Contributed property was values according to the estimated fair market value of the property at the date of donation.

The total amount of donated material, supplies and goods received during the year ended December 31, 2024, are as follows:

Category of donation	Donor Restriction	Utilization in Program / Activities	Revenue Recognized
Animal food and medical supplies	None	Program activities	$ 267,346
Special events	None	Fundraising	2,824
			$ 270,170

A substantial number of unpaid volunteers have made significant contributions of their time to program services, administration, and special events. Due to FASB ASC 958-605 requirements in recognizing revenue for these non-professional services, the value of this contributed time is not reflected in these statements.

Program Income

Program income is recognized as revenue at a point-in-time when services are performed, or goods are provided.

Mail Appeal

Support revenue from mail appeal is presented net of direct advertising and marketing expenses of $61,750, postage of $101,130 and printing expenses of $272,643.

Boutique

Revenue from Boutique is presented net of boutique expenses of $54,579.

Income Taxes

The Organization is a tax-exempt, not-for-profit Corporation under Internal Revenue Code ("IRC") Section 501(c)(3). Under IRC Section 509(a)(1) a not-for-profit organization that received unrelated business income is subject to federal income tax. The Organization currently has no unrelated business income. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

The Organization has adopted the provisions of FASB ASC 740-10-25, *Income Taxes*, which require that a tax provision be recognized or derecognized based on a "more likely than not" threshold. This threshold applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include any uncertain tax positions. The Organization files tax returns in the U.S. federal jurisdiction. There are no tax filings currently under examination and the Organization is no longer subject to Internal Revenue Service tax examinations for years prior to 2020.

2. Summary of Significant Accounting Policies, continued

Advertising

The Organization expenses advertising costs as incurred. During the year ended December 31, 2024, the Organization incurred total advertising and marketing expenses of $136,183 inclusive of $61,750, which is classified within mail appeal, net.

Functional Expenses

In the accompanying statement of activities, expenses are reported by their functional classification, a method of grouping expenses according to the purpose for which they were incurred. The primary functional classifications are program services and supporting activities. Program services are the activities that result in services being provided to members that fulfill the purposes or mission for which the Organization exists. Supporting activities are all activities other than program services and are included in the financial statements as management and general or fundraising expenses. Expenses that can be directly identified with the program or supporting services are reported as expenses of those functional areas. Other expenses are allocated among program and supporting services based on a reasonable basis that is consistently applied. The expenses that are allocated include facility, insurance, utilities, and depreciation and other accounts as appropriate which are allocated based on square footage, as well as office expenses and computer services, which are allocated based on full-time equivalents by department.

3. Liquidity and Availability of Resources

Financial assets available for general expenditure within one year, that is, without donor restrictions or other restrictions limiting their use within one year of December 31, 2024, consist of the following:

Financial assets as of December 31, 2024	
Cash and cash equivalents	$ 5,633,894
Accounts receivable	30,426
Pledges receivable, current	428,213
Grants receivable	50,000
Mortgage receivable, current	7,634
Total financial assets available to meet general expenditures within one year	$ 6,150,167

The Organization is substantially supported by contributions without donor and with donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Some of the Organization's net assets with donor restrictions are available for general expenditure within one year of December 31, 2024, because the restrictions on the net assets are expected to be met by conducting the normal program activities of the Organization in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year.

3. Liquidity and Availability of Resources, continued

The Organization's investments consist of funds designated by the Board of Directors as an endowment. The investments are subject to an annual spending rate of 4 percent as described in Note 8. As of December 31, 2024, $1,328,700 of appropriations from the endowment will be available within the next 12 months. Although the Organization does not intend to spend from this endowment (other than amounts appropriated for general expenditures as part of the Board's annual budget approval and appropriation), these amounts could be made available in the event of unanticipated financial distress, or an immediate liquidity need.

4. Fair Value Measurements

The Organization uses a three-tier hierarchy established by FASB ASC 820, *Fair Value Measurement,* to prioritize the assumptions, referred to as inputs, used in valuation techniques to measure fair value. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

Level 1 – quoted prices in active markets for identical investments.

Level 2 – other significant observable inputs (including quoted prices for similar investments in active markets, interest rates and yield curves, prepayment speeds, credit risks, etc.)

Level 3 – significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments).

The fair value measurement of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair Value of Financial Instruments: The following methods and assumptions were used by the Organization in estimating fair value of financial instruments that are not disclosed under FASB ASC 820.

Cash and cash equivalents – The carrying amount reported approximates fair value.

Accounts and Grants receivable – The carrying amount reported approximates fair value due to the short-term duration of the instrument.

Mortgage receivable – The carrying amount reported unpaid principal balance.

Accounts payable and accrued expenses – The carrying amount reported approximates fair value due to the nature of the instrument.

Items Measured at Fair Value on a Recurring Basis: The following methods and assumptions were used by the Organization in estimating the fair value of financial instruments that are measured at fair value on a recurring basis under FASB ASC 820:

Investments:

Cash equivalents – The carrying amount reported approximates fair value.

Equity securities, Fixed income funds, and Mutual funds – Valued at the net asset value (NAV) of the shares held by the custodian at year end as reported on the national exchange on which the funds are traded.

4. Fair Value Measurements, continued

Receivables:

Pledges receivable – The carrying amount reported approximates fair value which reflects the present value of estimated future cash flows.

Contribution receivable - endowment ("Contribution receivable") – The carrying amount reported approximates fair value which reflects the present value of estimated future cash flows.

Beneficial Interests in Trusts:

Charitable remainder trusts and Perpetual income trusts – Valued present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of trust investments as reported by the trustees.

Assets held by Community Foundation ("Community Foundation") – Valued based on the fair value of the fund investments as reported by the foundation.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no changes in the methodologies during the year ended December 31, 2024.

Fair Value of Assets: The following table sets forth, by level within the fair value hierarchy, the fair value of the Organization's financial assets measured at fair value on a recurring basis as of December 31, 2024:

	Level 1	Level 2	Level 3	Total
Investments:				
Cash equivalents	$ 1,600,069	$ -	$ -	$ 1,600,069
Equity securities	22,958,707	-	-	22,958,707
Fixed income funds	12,495,490	-	-	12,495,490
Tangible assets	1,442,363	-	-	1,442,363
Interest and dividends receivable	45,659	-	-	45,659
Total investments	38,542,288	-	-	38,542,288
Receivables:				
Pledges receivable	-	-	491,479	491,479
Contribution receivable	-	-	3,711,274	3,711,274
Total receivables	-	-	4,202,753	4,202,753

4. Fair Value Measurements, continued

	Level 1	Level 2	Level 3	Total
Beneficial interest in trusts:				
Charitable trusts	$ -	$ -	$ 4,935,942	$ 4,935,942
Perpetual trusts	-	-	60,545,454	60,545,454
Total beneficial interest in trusts	-	-	65,481,396	65,481,396
Community Foundation	-	-	601,149	601,149
Total assets at fair value	$ 38,542,288	$ -	$ 70,285,298	$ 108,827,583

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the year ended December 31, 2024:

	Receivables	Beneficial Interest in Trusts	Community Foundation	Total
Balance, beginning of year	$ 4,133,618	$ 56,352,433	$ 458,414	$ 60,944,465
Issuances	196,200	-	103,000	299,200
Settlements	(196,246)	(2,445,087)	-	(2,641,333)
Change in value	69,181	11,574,050	39,735	11,682,966
Balance, end of year	$ 4,202,753	$ 65,481,396	$ 601,149	$ 70,285,298

FASB ASC 820 requires disclosure of quantitative information about the unobservable inputs used to measure Level 3 assets and liabilities. The following table provides information about Level 3 assets:

	Fair Value	Valuation Techniques	Unobservable Inputs
Pledges receivable	$ 491,479	Discounted cash flows	Discount rate
Contribution receivable	3,711,274	Discounted cash flows	Life expectancy and discount rate
Charitable trusts	4,935,942	Discounted cash flows, 3rd party valuation pricing	Life expectancy, discount rate, and estimated growth
Perpetual trust	60,545,454	Percentage of fair value of assets held in trust	Discount rate and estimated growth
Community foundation	601,149	Percentage of fair value of assets held in trust	Discount rate and estimated growth
Total Level 3 assets	$ 70,285,298		

5. Pledges and Grants Receivable

The Organization has received pledge agreements from various individuals, which include unconditional promises to give without donor restrictions and donor-imposed restrictions to fund the Organization's Capital Campaign. Pledges receivable are due as follows:

2025	$ 428,213
2026	62,000
2027	12,000
2028	1,166
	503,379
Discount	(11,900)
Total pledges receivable	$ 491,479

The present value is adjusted each year to reflect changes in current interest rates and other actuarial assumptions. Pledges receivable are expected to be received over the next four years and, accordingly, this amount was classified as restricted net assets in the statement of financial position. As of December 31, 2024, approximately 42% of total undiscounted pledges receivable, or $208,300, represents pledges due from board members.

From time to time, the Organization is informed of intentions to give by prospective donors. Such expressions of intent are revocable and unenforceable. The ultimate value of these expressions has not been established, nor have they been recognized in the accompanying financial statements.

During the year ended December 31, 2024, the Organization received grant awards from various grantors. Based on the active grant agreements from 2024, the cumulative total of future grant payments to be received as of December 31, 2024 is $50,000.

6. Mortgage Receivable

The mortgage receivable is carried at its unpaid principal balance and is due in monthly installments of $1,154 including interest at 8% until July 2033, at which time the unpaid principal is due in full. The mortgage is collateralized by real property. Interest in the mortgage receivable is recognized over the term of the loan using the effective interest rate method. For the year ended December 31, 2024, the Organization recognized $6,370 in interest income. The following is a schedule of future minimum mortgage principal collections as of December 31, 2024:

2025	$ 7,634
2026	8,990
2027	9,736
2028	10,544
2029	11,419
Thereafter	24,112
Total mortgage receivable	$ 72,435

7. Contribution Receivable - Endowment

The Organization received an unconditional promise of $4,000,000 during 2007, from a member of the Organization's Board of Directors, for the purpose of establishing an endowment in which the principal is to be maintained in perpetuity and the earnings are to be used for a specific purpose. The pledged contribution is due upon the demise of the donor and a receivable has been recorded at its net present value amount of $3,711,274 in the statement of financial position as of December 31, 2024.

8. Endowment

The Organization's endowment fund (the "Endowment") consists of investment funds designated by the Board of Directors to function as an endowment for the purpose of providing cash distributions to the Organization in accordance with the approved budget and spending policy.

The Board of Directors has approved a spending policy to annually make available a maximum of 4 percent of a trailing five-year average of the Endowment's total asset value for the operations of the Organization. In establishing this policy, the Organization considered the preservation of capital through a broad, prudent diversification in asset classes.

Changes in the board-designated Endowment net assets for the year ended December 31, 2024, consisted of the following:

Endowment net assets, beginning balance	$ 33,537,748
Investment return:	
Investment income, net	897,670
Net appreciation	3,040,222
Total investment returns	3,937,892
Contributions	2,326,648
Appropriation of endowment assets for expenditures	(1,260,000)
Endowment net assets, ending balance	$ 38,542,288

9. Beneficial Interest in Trusts

Charitable Remainder Trusts

The Organization has been named a remainder beneficiary of five charitable remainder trusts. These charitable remainder trusts provide for the payment of distributions of trust assets to the grantor's beneficiary. Upon the death of the beneficiary, a percentage of the remaining principal in the charitable remainder trusts will be distributed to the Organization. The Organization's beneficial interest in these charitable remainder trusts has been recognized based on the present value of the expected future cash flows.

The Organization is a remainder beneficiary of an irrevocable charitable remainder trust that was created in October 1984. Three income beneficiaries are to receive, first from income and, to the extent that income is insufficient, from principal, an annual annuity equal to a percentage of the net fair market value of the trust assets on the first day of the trust year. Upon the demise of all three beneficiaries, 25% of the remaining principal is to be distributed to the Organization.

9. Beneficial Interest in Trusts, continued

Charitable Remainder Trusts, continued

The Organization is the remainder beneficiary of an irrevocable trust from which 50% of the principal is to be distributed to the Organization upon demise of the income beneficiaries.

The Organization is one of five beneficiaries of an irrevocable trust from which a 10% distribution of its fair market value is made each year and divided among the five different charitable organizations. Therefore, the Organization is to receive 20% of the annual distribution.

The Organization is a 50% beneficiary of a remainder trust. During the first 10 years, the Organization is to receive annual distributions equal to 50% of net income of the trust or $100,000, whichever is greater. After the initial 10 years, the Organization may request 10% distribution from the principal annually.

The Organization is the remainder beneficiary of an irrevocable trust from which 20% of the principal is to be distributed to the Organization upon demise of the income beneficiaries.

The expected future cash flows are based on the fair market value of the charitable remainder trust assets as of December 31, 2024. Changes in the value of the beneficial interest in charitable remainder trusts have been reported in the statement of activities as an increase in net assets with donor restrictions. The beneficial interest in charitable remainder trusts consist of the following net assets with donor restrictions amounts as of December 31, 2024:

Charitable remainder trusts	$ 5,932,952
Discount to fair value the charitable remainder trusts expected	(997,010)
Total beneficial interest in charitable remainder trusts	$ 4,935,942

Perpetual Income Trust

The Organization has also been named as a 30% beneficiary of one trust that has no established termination date, for which the Organization has the irrevocable right to receive income earned on that trust based on 4.5% of the fair value of the fund assets in perpetuity. Changes in the value of the beneficial interest in perpetual income trust has been reported in the statement of activities as an increase in net assets with donor restrictions. The Organization recognized an asset for the sum of the trust equal to its share of the current undiscounted value of the trust assets. As of December 31, 2024, the total amount recognized for this perpetual trust was $60,545,454.

10. Beneficial Interest in Assets Held by Community Foundation

The Organization has established two charitable endowment funds known as the Peggy Adams Animal Rescue League Endowment Fund and the Melba Ruth Vickers Animal Medical Fund (collectively, the "Funds") with the Community Foundation for Palm Beach and Martin Counties ("Community Foundation"). These "agency endowment funds" are pooled with the other assets of the Community Foundation for investment purposes. The earnings of the Funds have been restricted for the benefit of the Organization. Contributions made directly to the Funds from the Organization are recorded as assets of the Organization.

10. Beneficial Interest in Assets Held by Community Foundation, continued

The Funds held and invested by the Community Foundation for the Organization's benefit are reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in the statements of activities. The Funds shall be invested by the Community Foundation in a long-term growth portfolio whose primary objective is long-term capital appreciation with an investment strategy of five (5) years or longer.

All distributions from the Funds shall be in accordance with the Community Foundation's spending policy in effect during any fiscal year of the Community Foundation. Distributions may be made from income and capital appreciation but not from the endowment principal. The endowment principal is the sum of the value of the initial contribution establishing the Funds by the Organization and Community Foundation plus all subsequent contributions to the Funds.

11. *Property and Equipment*

As of December 31, 2024 the classifications of property and equipment consisted of the following:

Land	$ 2,535,744
Buildings and dome	32,701,683
Land and building improvements	8,230,682
Furniture and equipment	3,676,855
Computers and related equipment	401,033
Vehicles	268,522
	47,814,519
Accumulated depreciation	(17,683,534)
	30,130,985
Construction in process	85,066
Property and equipment, net	$ 30,216,051

12. Line of Credit

The Organization has a $10,000,000 line of credit extended by Bank of America. The line of credit carries a floating interest rate of 0.75% over the lender's prime rate (5.31% as of December 31, 2024). The line of credit is secured by certain investments from the Organization's. As of December 31, 2024, $10,000,000 is available under this line of credit.

13. Net Assets

As of December 31, 2024, the Organization's net assets consist of the following:

Net assets without donor restrictions:	
Board-designated Endowment	$ 38,542,288
Undesignated	35,807,220
Total net assets without donor restrictions	74,349,508

13. Net Assets, continued

Net assets with donor restrictions:		
Subject to expenditures for a specific purpose:		
Foster program	$	10,400
Olivia's Fund		56,515
Trap-Neuter-Vaccinate-Return (TNVR) program		15,000
Transfer program		75,000
Total subject to expenditures for a specific purpose		156,915
Subject to the passage of time:		
Pledges receivable		125,266
Grants receivable		50,000
Beneficial interest in charitable trusts		4,935,942
Community Foundation earnings subject to appropriation		85,149
Total subject to the passage of time		5,196,357
Perpetual in nature, not subject to spending policy or appropriation:		
Beneficial interest in assets held by Community Foundation		516,000
Beneficial interest in perpetual income trust		60,545,454
Contribution receivable - endowment		3,711,274
Total perpetual in nature		64,772,728
Total net assets with donor restrictions		70,126,000
Total net assets	$	144,475,508

14. Operating Lease

The Organization signed an operating lease with a six year agreement for equipment. This lease will require monthly basic rent payments of $9,852 annually. The agreement allows for one, three-month renewal option to extend the lease term.

Operating right-of-use asset as of December 31, 2024, consisted of the following:

Equipment rental	$	39,147
Less accumulated amortization		(28,546)
Net operating right-of-use asset	$	10,601

Operating lease obligations as of December 31, 2024, consisted of the following:

Equipment rental	$	10,601

Operating lease expense for the year ended December 31, 2024, consisted of the following:

	Amortization	Finance Charges	Total
Equipment rental	$ 9,646	$ 206	$ 9,852

14. Operating Lease, continued

Undiscounted future lease payments under operating leases as of December 31, 2024, are as follows:

Year Ended December 31,	
2025	$ 9,852
2026	822
	10,674
Less discount to present value	73
Present value of future lease payments	10,601
Less current portion	9,779
Non-current portion	$ 822

The lease discount for the equipment rental has been calculated using an interest rate of 1.37%, which the risk-free discount rate of the Organization for the acquisition of related assets at the time of lease implementation. Total lease expense was $9,646 for the year ended December 31, 2024.

15. Related Party Contributions

The Organization received contributions from members of the Board of Trustees and the founders totaling $1,389,332 during the year ended December 31, 2024. This amount represents approximately 11% of total support and revenue for the year ended December 31, 2024.

16. Concentration of Credit Risk

The Organization maintains its cash in bank deposit and money market accounts, which, at times, may exceed federally insured limits. Bank deposit and money market accounts are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. As of December 31, 2024, there was approximately $5,171,000 in bank deposit accounts that exceeded the FDIC limits.

The Organization additionally maintains cash and investments in a brokerage account that is guaranteed by the Securities Investor Protection Corporation ("SIPC") up to $500,000, including a $250,000 limit for cash. As of December 31, 2024, the Organization had approximately $38,041,000 in excess of SIPC and FDIC insurance limits.

The Organization periodically evaluates the financial condition of its financial institutions and has not experienced any loss on such accounts. Management believes the Organization is not exposed to any significant credit risk arising from such balances.

17. Commitments and Contingencies

The Organization is subject to asserted claims and liabilities that arise in the ordinary course of business. The Organization maintains insurance policies to mitigate potential losses from these actions. In the opinion of management, the amount of the ultimate liability with respect to those actions will not materially affect the Organization's financial position or results of operations.

18. Subsequent Events

The Organization's management has evaluated subsequent events through May 21, 2025, the date on which the financial statements were available to be issued, and determined there were no further disclosures required to be disclosed in these financial statements.