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WASHINGTON HUMANE SOCIETY
D/B/A HUMANE RESCUE ALLIANCE

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2021 AND 2020

MATTHEWS, CARTER & BOYCE
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WASHINGTON HUMANE SOCIETY
D/B/A HUMANE RESCUE ALLIANCE

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SEPTEMBER 30, 2021 AND 2020

MATTHEWS, CARTER & BOYCE
CPAs · ADVISORS

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Washington Humane Society
D/B/A Humane Rescue Alliance
Washington, DC

Opinion

We have audited the financial statements of the Washington Humane Society d/b/a/ Humane Rescue Alliance (the Alliance or Organization), which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Alliance as of September 30, 2021 and 2020, and the changes in its net assets and its 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 Financial Statements section of our report. We are required to be independent of the Alliance 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 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 the Alliance's ability to continue as a going concern for one year after the date that the financial statements are issued.

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Auditors' 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 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 the 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 financial statements.

In performing an audit in accordance with GAAS, 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 the Alliance'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 the Alliance'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.

Matthews, Carter and Boyce

Fairfax, Virginia
December 5, 2022

WASHINGTON HUMANE SOCIETY
D/B/A HUMANE RESCUE ALLIANCE

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2021 AND 2020

ASSETS

	2021	2020
ASSETS		
Cash and cash equivalents	$ 1,306,967	$ 1,164,513
Accounts receivable:		
DCAC contract	$ 580,474	$ 1,043,836
Pledges receivable, net	2,494,068	2,474,195
Other receivables, net	190,475	100,930
Total Accounts Receivable	$ 3,265,017	$ 3,618,961
Prepaid expenses and supplies	$ 393,608	$ 387,094
Inventory	136,528	136,500
Deposits	18,349	18,349
Investments	17,870,942	17,199,329
Beneficial interest in perpetual trusts	712,237	691,862
Fixed assets:		
Land and building	35,078,239	35,053,402
Improvements	5,411,468	5,434,164
Furniture and equipment	1,556,043	1,877,587
Vehicles	2,355,215	2,521,449
Construction in progress	1,130,612	1,130,612
Total Fixed Assets	$ 45,531,577	$ 46,017,214
Less, accumulated depreciation	12,082,194	11,781,546
Net Fixed Assets	$ 33,449,383	$ 34,235,668
Other asset	$ 26,015	$ 26,015
TOTAL ASSETS	$ 57,179,046	$ 57,478,291

LIABILITIES AND NET ASSETS

	2021	2020
LIABILITIES		
Accounts payable and accrued expenses	$ 3,060,010	$ 3,388,905
Line of credit obligations	650,000	750,084
Charitable gift annuities	36,980	31,101
Deferred revenue	140,925	90,171
Notes payable:		
Notes payable	8,384,705	8,603,115
Deferred financing costs, net	(29,077)	(39,576)
Total Notes Payable	$ 8,355,628	$ 8,563,539
TOTAL LIABILTIES	$ 12,243,543	$ 12,823,800
NET ASSETS		
Without donor restrictions	$ 38,235,122	$ 37,321,911
With donor restrictions	6,700,381	7,332,580
Total Net Assets	$ 44,935,503	$ 44,654,491
TOTAL LIABILITIES AND NET ASSETS	$ 57,179,046	$ 57,478,291

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

WASHINGTON HUMANE SOCIETY
D/B/A HUMANE RESCUE ALLIANCE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Contributions and grants	$ 11,112,201	$ 2,198,404	$ 13,310,605
Contract revenue	4,878,296	-	4,878,296
Gifts in kind	730,830	-	730,830
Special events	70,845	-	70,845
Investment income, net	3,209,974	-	3,209,974
Clinic and shelter fees	1,610,077	-	1,610,077
Other income	1,260,601	-	1,260,601
Net assets released from restrictions	2,830,603	(2,830,603)	-
Total Revenue	$ 25,703,427	$ (632,199)	$ 25,071,228
EXPENSES			
Program services:			
DCAC contract	$ 4,517,980	$ -	$ 4,517,980
Medical operations	2,998,266	-	2,998,266
Shelter and animal programs	6,482,651	-	6,482,651
Humane Law Enforcement	1,022,047	-	1,022,047
Other programs	4,985,533	-	4,985,533
Total Program Services	$ 20,006,477	$ -	$ 20,006,477
Supporting services:			
General and administrative	$ 2,306,102	$ -	$ 2,306,102
Fundraising and development	2,477,637	-	2,477,637
Total Supporting Services	$ 4,783,739	$ -	$ 4,783,739
Total Expenses	$ 24,790,216	$ -	$ 24,790,216
CHANGE IN NET ASSETS	$ 913,211	$ (632,199)	$ 281,012
NET ASSETS, BEGINNING OF YEAR	37,321,911	7,332,580	44,654,491
NET ASSETS, END OF YEAR	$ 38,235,122	$ 6,700,381	$ 44,935,503

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

WASHINGTON HUMANE SOCIETY
D/B/A HUMANE RESCUE ALLIANCE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Contributions and grants	$ 9,604,686	$ 3,473,603	$ 13,078,289
Contract revenue	4,974,746	-	4,974,746
Gifts in kind	603,676	-	603,676
Special events	897,567	-	897,567
Investment income, net	913,386	-	913,386
Clinic and shelter fees	1,648,388	-	1,648,388
Other income	894,551	-	894,551
Net assets released from restrictions	4,953,341	(4,953,341)	-
Total Revenue	$ 24,490,341	$ (1,479,738)	$ 23,010,603
EXPENSES			
Program services:			
DCAC contract	$ 4,597,683	$ -	$ 4,597,683
Medical operations	3,119,757	-	3,119,757
Shelter and animal programs	7,017,703	-	7,017,703
Humane Law Enforcement	890,780	-	890,780
Other programs	4,682,842	-	4,682,842
Total Program Services	$ 20,308,765	$ -	$ 20,308,765
Supporting services:			
General and administrative	$ 2,464,254	$ -	$ 2,464,254
Fundraising and development	2,779,000	-	2,779,000
Total Supporting Services	$ 5,243,254	$ -	$ 5,243,254
Total Expenses	$ 25,552,019	$ -	$ 25,552,019
CHANGE IN NET ASSETS	$ (1,061,678)	$ (1,479,738)	$ (2,541,416)
NET ASSETS, BEGINNING OF YEAR	38,383,589	8,812,318	47,195,907
NET ASSETS, END OF YEAR	$ 37,321,911	$ 7,332,580	$ 44,654,491

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

WASHINGTON HUMANE SOCIETY
D/B/A HUMANE RESCUE ALLIANCE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	DCAC Contract	Medical Operations	Shelter and Animal Programs	Humane Law Enforcement	Other Programs	Total Program Services	General and Administrative	Fundraising and Development	Total
Advertising, promotion & website	$ -	$ -	$ -	$ -	$ 44,134	$ 44,134	$ 2,794	$ 245	$ 47,173
Animal feed, litter, and supplies	47,198	18,149	220,099	1,351	49,394	336,191	-	-	336,191
Bad debt expense	-	-	-	-	-	-	-	49,566	49,566
Bank, credit card & investment fees	1,179	3,329	32,731	-	20,799	58,038	16,326	85,477	159,841
Benefits and taxes	672,128	319,641	740,560	63,925	692,604	2,488,858	197,891	168,180	2,854,929
Boarding expense	-	-	175	215,548	-	215,723	-	-	215,723
Catering (events)	-	-	-	-	-	-	-	1,921	1,921
Cleaning & laundry	7,430	7,302	126,188	-	8,372	149,292	1,464	64	150,820
Cost of goods sold - retail	-	-	1,269	-	1,079	2,348	84,948	-	87,296
Depreciation and amortization	140,968	61,739	608,654	31,728	17,120	860,209	231,406	14,484	1,106,099
Dues & subscriptions	369	1,659	728	34	1,375	4,165	10,157	2,704	17,026
Equipment rental	2,772	-	14,545	-	9,136	26,453	87,735	-	114,188
Event production & audio visual	45	-	35	-	3,833	3,913	266	43,498	47,677
Fuel	41,604	30	4,837	11,315	42,731	100,517	965	-	101,482
Insurance	78,856	713	37,704	22,053	72,471	211,797	277,447	-	489,244
Interest expense	-	-	774	-	39	813	417,445	-	418,258
Medical testing & supplies	-	152,916	95,102	20,463	2,712	271,193	-	-	271,193
Office & field equipment	13,813	5,727	12,565	3,567	9,750	45,422	44,590	210	90,222
Office supplies	16,197	3,304	13,851	1,034	2,015	36,401	9,202	671	46,274
Other expenses	2,947	5,691	34,064	1,157	6,331	50,190	300	-	50,490
Other personnel costs	29,259	15,620	5,955	1,319	5,477	57,630	119,882	1,381	178,893
Overhead allocation	562,256	308,397	728,818	55,774	562,151	2,217,396	(2,379,704)	162,308	-
Pharmaceuticals/medication	-	209,843	105,322	2,502	23,502	341,169	-	-	341,169
Printing, postage & design	1,415	164	355	894	227,693	230,521	10,646	554,912	796,079
Professional fees & consultants	599	111,483	35,592	12,504	243,464	403,642	209,669	487,226	1,100,537
Professional fees - in kind legal	91,828	-	-	189,210	-	281,038	449,792	-	730,830
Real estate property taxes	-	-	-	-	-	-	332,105	-	332,105
Repairs & maintenance	37,161	9,954	23,179	7,633	20,375	98,302	298,106	-	396,408
Salaries & wages	2,742,553	1,498,540	3,511,847	293,228	2,624,637	10,670,805	1,082,818	784,839	12,538,462
Software maintenance & licenses	2,970	4,621	2,227	-	12,341	22,159	51,803	115,591	189,553
Telecom & internet	-	-	7,111	518	10,902	18,531	161,893	-	180,424
Travel & meals	2,961	2,770	134	74	7,695	13,634	10,145	3,360	27,139
Uniforms	3,719	3,354	1,958	905	11,739	21,675	14,985	-	36,660
Utilities and other occupancy costs	17,753	1,750	4,590	2,000	2,026	28,119	561,026	1,000	590,145
Veterinarian expense	-	251,570	111,682	83,311	25,954	472,517	-	-	472,517
Way Station giveback & transport costs	-	-	-	-	223,682	223,682	-	-	223,682
Total	$ 4,517,980	$ 2,998,266	$ 6,482,651	$ 1,022,047	$ 4,985,533	$ 20,006,477	$ 2,306,102	$ 2,477,637	$ 24,790,216

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

WASHINGTON HUMANE SOCIETY
D/B/A HUMANE RESCUE ALLIANCE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	DCAC Contract	Medical Operations	Shelter and Animal Programs	Humane Law Enforcement	Other Programs	Total Program Services	General and Administrative	Fundraising and Development	Total
Advertising, promotion & website	$ -	$ -	$ 40	$ -	$ 37,207	$ 37,247	$ 4,179	$ 5,297	$ 46,723
Animal feed, litter, and supplies	72,117	16,817	169,103	91	23,103	281,231	-	-	281,231
Bad debt expense	-	-	-	-	-	-	-	248,783	248,783
Bank, credit card & investment fees	2,826	5,087	18,767	-	22,839	49,519	16,410	83,679	149,608
Benefits and taxes	526,573	270,529	1,127,291	61,263	401,356	2,387,012	331,200	111,029	2,829,241
Boarding expense	-	-	-	185,481	6,591	192,072	-	-	192,072
Catering (events)	-	-	-	-	368	368	-	181,402	181,770
Cost of goods sold - retail	2,257	-	2,321	-	7,181	11,759	73,067	-	84,826
Depreciation and amortization	137,001	40,992	618,121	33,441	15,102	844,657	322,310	17,260	1,184,227
Dues & subscriptions	555	6,392	1,024	30	1,759	9,760	20,799	1,954	32,513
Equipment rental	547	1,189	27,433	-	1,917	31,086	71,962	9,867	112,915
Event production & audio visual	-	-	30	-	3,666	3,696	381	97,468	101,545
Facility fees	44,833	14,928	84,006	20	66	143,853	10,289	16,303	170,445
Fuel	38,047	308	5,941	9,638	29,231	83,165	-	-	83,165
Insurance	71,700	10,433	77,226	33,600	13,967	206,926	203,910	-	410,836
Interest expense	-	3	47	-	-	50	419,979	-	420,029
Medical testing & supplies	-	216,332	91,392	24,612	395	332,731	-	-	332,731
Office & field equipment	27,323	6,284	11,152	1,568	5,627	51,954	73,847	-	125,801
Office supplies	8,865	3,353	9,863	270	4,023	26,374	21,782	4,951	53,107
Other expenses	1,689	718	13,109	471	8,017	24,004	27,173	30,589	81,766
Other personnel costs	2,771	4,638	743	327	1,475	9,954	22,667	3,349	35,970
Overhead allocation	562,256	309,672	728,818	60,774	532,151	2,193,671	(2,347,719)	154,048	-
Pharmaceuticals/medication	11,141	217,981	109,195	4,862	9,827	353,006	564	-	353,570
Printing, postage & design	245	1,249	2,685	4,576	368,790	377,545	14,638	471,718	863,901
Professional fees & consultants	24,610	902	23,941	2,333	203,209	254,995	265,274	441,757	962,026
Professional fees - in kind legal	231,339	-	44,488	59,318	-	335,145	258,031	-	593,176
Real estate property taxes	-	-	-	-	-	-	484,713	-	484,713
Repairs & maintenance	29,332	17,348	41,100	6,562	9,471	103,813	229,681	-	333,494
Salaries & wages	2,755,246	1,519,545	3,588,186	297,756	2,637,318	10,798,051	1,139,975	779,262	12,717,288
Software maintenance & licenses	3,550	9,654	615	2,500	7,595	23,914	68,033	116,679	208,626
Telecom & internet	8,659	1,389	12,721	5,430	19,402	47,601	113,025	1,726	162,352
Travel & meals	3,383	746	2,564	1,961	17,626	26,280	37,080	1,879	65,239
Uniforms	8,452	2,475	3,386	1,693	7,170	23,176	20,192	-	43,368
Utilities and other occupancy costs	22,366	2,046	5,319	-	1,052	30,783	560,812	-	591,595
Veterinarian expense	-	438,747	197,076	92,203	37,319	765,345	-	-	765,345
Way Station giveback & transport costs	-	-	-	-	248,022	248,022	-	-	248,022
Total	$ 4,597,683	$ 3,119,757	$ 7,017,703	$ 890,780	$ 4,682,842	$ 20,308,765	$ 2,464,254	$ 2,779,000	$ 25,552,019

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

WASHINGTON HUMANE SOCIETY
D/B/A HUMANE RESCUE ALLIANCE

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 281,012	$ (2,541,416)
Adjustments to reconcile change in net assets to net cash - operating activities:		
Amortization of deferred financing costs	10,499	11,040
Depreciation	1,095,600	1,173,187
Investment income, net	(2,875,112)	(596,297)
Unrealized gains on perpetual trusts	(20,375)	(19,950)
Change in allowance for bad debts	(248,783)	248,783
Change in present value discount on pledges receivable	(90,439)	(10,185)
Change in assets and liabilities:		
Accounts receivable	693,166	492,693
Prepaid expenses and supplies	(6,514)	(45,323)
Inventory	(28)	5,286
Deposits	-	(2,500)
Accounts payable and accrued expenses	(328,895)	975,390
Charitable gift annuities	5,879	(8,178)
Deferred revenue	50,754	(176,250)
Net Cash - Operating Activities	$ (1,433,236)	$ (493,720)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	$ (245,737)	$ (400,725)
Purchases of investments	(559,501)	(3,452,627)
Proceeds from sales of investments	2,763,000	4,577,921
Net Cash - Investing Activities	$ 1,957,762	$ 724,569
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	$ (281,988)	$ (244,315)
Advances (repayments) on lines of credit, net	(100,084)	250,084
Net Cash - Financing Activities	$ (382,072)	$ 5,769
NET CHANGE IN CASH AND CASH EQUIVALENTS	$ 142,454	$ 236,618
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,164,513	927,895
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,306,967	$ 1,164,513
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash payments for interest	$ 418,258	$ 420,029
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Vehicles acquired through notes payable	$ 63,578	$ 297,096
Forgiveness of Paycheck Protection Program loan	$ -	$ 2,175,000

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

Note 1. Summary of Significant Accounting Policies:

Organization
The Washington Humane Society d/b/a Humane Rescue Alliance (the Alliance or Organization) is a not-for-profit organization founded in 1870 to provide and promote animal welfare in the District of Columbia (the District). Since 1980, the Alliance has also operated the District's Animal Control program under a contract with the City. As the largest animal protection agency in the District, the Alliance shelters stray, mistreated, and abandoned animals, reunites owners with lost companion animals, places animals in responsible homes, rescues sick and injured domestic and wild animals, offers affordable spay and neuter procedures as well as weekly low-cost vaccination clinics for cats and dogs, and transports wild animals to licensed rehabilitators.

On August 27, 2019, the Alliance and New Jersey based St. Hubert's Giralda d/b/a St. Hubert's Animal Welfare Center (St. Hubert's) merged. The merger has resulted in the largest regional animal welfare organization on the east coast.

Basis of Accounting
The Alliance prepares its financial statements on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when the obligations are incurred.

Income Tax Status
The Alliance is exempt from the payment of Federal and District of Columbia income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code. The Alliance is required to pay Federal and state taxes on net income generated from unrelated business activities. Unrelated business income for the years ended September 30, 2021 and 2020 pertained to rental income of an Alliance property. There was no tax due for the years ended September 30, 2021 and 2020. The Alliance has a net operating loss carryforward of $67,695 as of September 30, 2021.

The Alliance adopted the Financial Accounting Standards Board FASB ASC 740-10, Income Taxes, which requires an assessment of uncertainty in income taxes and certain financial statement disclosures relating to unrecognized tax benefits.

Advertising Costs
Advertising costs are expensed as incurred.

Estimates
The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

Note 1. Summary of Significant Accounting Policies: (Continued)

Cash and Cash Equivalents
For financial statement purposes, the Alliance considers all money market accounts and highly liquid investments with a maturity of three months or less from the date of purchase, not included in the investment accounts, to be cash equivalents.

Accounts Receivable
Accounts receivable are recorded at their net realizable value. Accounts 90 days past due are analyzed for collectability and when all collection efforts have been exhausted, the account is written off against bad debt expense. Management has established an allowance for doubtful accounts to cover estimated uncollectible amounts at year-end. The allowance for doubtful accounts was $0 for the years ended September 30, 2021 and 2020.

Inventory
Inventory for hospital, shelter operations, and retail sale consists of pharmaceuticals and other supplies and food for resale and is stated at the lower of cost or market using the first-in, first-out method.

Fixed Assets
Fixed assets purchased are stated at cost. Donated fixed assets are recorded at the estimated fair market value on the date of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets that range from three to forty years. All purchases of fixed assets that are greater than or equal to $2,000 are capitalized.

Impairment of Long-Lived Assets
The Alliance evaluates the carrying value of its long-lived assets based on whether it is probable that undiscounted future net cash flows from its long-lived assets will be less than its net book value. No impairment adjustments were required according to management for the years ended September 30, 2021 and 2020.

Deferred Financing Costs
Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2015-03, *Interest – Imputation of Interest, Simplifying the Presentation of Debt Issuance Costs* which requires that debt issuance costs related to a note shall be reported in the statement of financial position as a direct deduction from the face amount of that note. The debt issuance costs shall not be classified as a deferred charge or deferred credit. The deferred financing costs are reflected as a direct deduction of the notes payable.

Costs incurred in connection with financing activities are amortized to interest expense over the term of the related debt agreements using the straight-line method that approximates an effective interest method. Accumulated amortization was $25,913 and $15,414 as of September 30, 2021 and 2020, respectively.

Note 1. Summary of Significant Accounting Policies: (Continued)

Beneficial Interest in Perpetual Trusts
The Alliance is named as the beneficiary in perpetual trusts held by third parties. The trusts, which are invested in cash equivalents, equity and fixed income funds, and other assets, are measured at the fair value of the Alliance's share of trust assets.

Gift Annuities
Gift annuities are contracts between the Alliance and a donor in which the Alliance agrees to pay the donor (or other persons named by the donor) a lifetime annuity in return for a gift of cash or marketable securities. The assets received by the Alliance are recorded at fair value at the date of the donation. A liability is recorded for the present value of amounts due to an income beneficiary of a gift annuity during the income beneficiary's expected life. Each year, the liability is re-measured and changes in the liability due to factors other than cash payments, such as changing life expectancies, are recorded as an increase or decrease to revenue and liability. The discount rate ranges from 3% to 4% depending on the discount rate in effect at the time of the gift.

Fair Values
Fair Value Hierarchy
The Alliance has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Financial assets and liabilities recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1
Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Alliance has the ability to access.

Level 2
Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the assets or liability. Level 2 inputs include, among others, quoted prices for similar assets or liabilities in active markets or non-active markets.

Level 3
Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

Note 1. Summary of Significant Accounting Policies: (Continued)

Revenue Recognition

During the year ended September 30, 2021, the Alliance adopted FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers,* as amended, which supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time and expand disclosures about revenue.

Contract revenue is recognized when persuasive evidence of an arrangement exists, services have been rendered or goods delivered, the contract price is fixed or determinable, and collectability is reasonably assured. Revenue associated with work performed prior to the completion and signing of contract documents is recognized only when it can be reliably estimated and realization is probable. The transaction price is set in the contract, allocated based on the output method, measuring results achieved and value transferred to the customer. There are no variable considerations. The Alliance bases its estimates on previous experiences with the customer, communications with the customer regarding funding status, and its knowledge of available funding for the contract. Clinic and shelter fees are recognized when services are provided. All services for these programs are transferred and used at the same point in time. Revenue from events is recognized at the gross amounts received when the events are held. Revenue received before events are held are recognized as deferred revenue Accordingly, the Alliance satisfies the performance obligation and the revenue is recognized when the services/events occur.

The following revenue streams are outside the scope of ASC 606:

Contributions and grants are recognized as revenue when received or when the donor makes a promise to give to the Alliance that is, in substance, unconditional. Contributions and grants that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires or is otherwise fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions. Restrictions that are met in the same reporting period are reflected as net assets without donor restrictions in the accompanying statements of activities and changes in net assets. Conditional promises to give, that is those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Note 1. Summary of Significant Accounting Policies: (Continued)

Contributed Services

The Alliance recognizes pro bono legal and courier services as contribution revenue, professional services, and postage and delivery expense in the period received. No amounts have been recorded in the financial statements to reflect contributed services performed by Alliance volunteers. These hours do not meet the requirements for reporting under accounting standards. Contributions of services shall be recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Services requiring specialized skills are provided by accountants, architects, carpenters, doctors, electricians, lawyers, nurses, plumbers, teachers and other professionals and craftsmen. Contribution services and promises to give services that do not meet the above criteria shall not be recognized. Contributed services in the amounts of $730,830 and $603,676 were recorded for the years ended September 30, 2021 and 2020, respectively, and are included as gifts in kind and program services expense on the statements of activities and changes in net assets.

Bequests Receivable

The Alliance is frequently named as a beneficiary of donors' estates. Bequests from decedents are recognized when the Alliance is notified of the bequest and the amount can reasonably be determined. Amounts expected to be received within one year are recorded at net realizable value, and those expected to be received in more than one year are recorded at the discounted present value. Bequests are included in pledges receivable, net on the statements of financial position.

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the discounted present value of their estimated future cash flows.

The discounts on those amounts for pledges are computed using a discount rate equal to the risk free treasury rate for a term equal to the length of the pledge plus a risk factor of 0.5%-1.0%. Amortization of the discount is included in restricted contribution revenue.

The Alliance's management periodically reviews the status of these receivables for collectability, which is assessed based on management's knowledge from a relationship with the donor and the age of the receivable. As a result of these reviews, management has estimated that the allowance for doubtful accounts was $0 and $248,783 as of September 30, 2021 and 2020, respectively. Conditional promises to give are not included as support until the conditions are substantially met.

Note 1. Summary of Significant Accounting Policies: (Continued)

Financial Statement Presentation
In accordance with U.S. GAAP, the Alliance classifies resources for accounting and reporting purposes into two classes of net assets according to externally (donor) imposed restrictions. Descriptions of the two net asset categories are as follows:

Net Assets without donor restrictions:
Net assets 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 the Alliance's management and the board of directors.

Net Assets with donor restrictions:
Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Alliance or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Allocation of Expenses
The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statements of activities and changes in net assets. Costs that can be identified with a particular program or support function are charged directly to that program or function. Salaries and related costs have been allocated among the programs and supporting services based upon management's best estimates of the proportion of these costs applicable to each program. Other allocable costs have been allocated to program services and to general and administrative expenses based upon management's best estimates.

Cost of Joint Activities
The Alliance accounts for costs of joint activities which are part fundraising and have elements of one or more other functions, such as program services or management and general expenses, according to certain criteria of purpose, audience and content in order to allocate any portion of the costs of joint activities to a functional area other than fundraising.

Uniform Prudent Management of Institutional Funds Act
During 2009, the Uniform Prudent Management of Institutional Funds Act (UPMIFA) became effective which provides guidance on the classification of endowment fund net assets for states that have enacted versions of the Uniform Prudent Management of Institutional Funds Act, and enhances disclosures for endowment funds. Under UPMIFA all unappropriated endowment fund assets are considered restricted, except for the board designated endowment.

Note 1. Summary of Significant Accounting Policies: (Concluded)

Reclassifications
Certain amounts and descriptions in the prior year financial statements have been modified for comparative purposes to conform to the current year presentation. These modifications had no effect on the previously reported change in net assets.

Recent Accounting Pronouncements
In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Alliance adopted the provisions of ASU 2018-08 applicable to both grants and contributions received and to grants and contributions made in the accompanying financial statements in the year ended September 30, 2020. Accordingly, there was no effect on net assets in connection with the implementation of ASU 2018-08.

The FASB has issued ASU 2014-09 (as amended by ASU 2015-14), which provides a single comprehensive accounting standard for revenue recognition for contracts with customers and supersedes current industry-specific guidance. The ASU is effective for annual reporting periods beginning after December 15, 2019. The Alliance adopted the provisions of ASU 2014-09 in the year ended September 30, 2021. Accordingly, there was no effect on net assets in connection with the implementation of ASU 2014-09.

The FASB has issued ASU 2016-02, which requires lessees to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by leases with terms greater than twelve months. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021. The Alliance plans to adopt the standard on its effective date, which for the Alliance is October 1, 2022.

The FASB has issued ASU 2020-07, which requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities and changes in net assets, apart from contributions of cash and other financial assets and enhance disclosures related to these contributions. Entities must disclose a disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities and changes in net assets by category that depicts the type of contributed nonfinancial assets. For each category of contributed nonfinancial assets, the entity must disclose (a) qualitative information about whether the contributions were monetized or utilized during the period (if utilized, a disclosure of the programs or other activities in which those assets were used); (b) the policy about monetizing rather than utilizing contributed nonfinancial assets; (c) a description of any restrictions imposed by the donor associated with the contribution of nonfinancial assets; (d) a description of the valuation techniques and inputs used to determine the fair value of the nonfinancial assets, in accordance with the requirements in Topic 820, *Fair Value Measurement*, at initial recognition; and (e) the principal market used to arrive at a fair value measure if it is a market in which the entity is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. ASU 2020-07 is effective for annual periods beginning after June 15, 2021. The Alliance plans to adopt the standard on its effective date, which for the Alliance is October 1, 2022.

Note 2. Financial Risk:

Financial instruments that potentially subject the Alliance to significant concentrations of credit risk consist of cash and investment accounts. The Alliance maintains these cash and investment accounts with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Alliance has not experienced any credit losses on its cash or investments to date in relation to FDIC and SIPC insurance limits. Management believes that the risk of any credit loss is minimal.

Note 3. Pledges Receivable:

Pledges receivable are recorded at the gross amount of the pledge, and are discounted to present value. Management believes all pledges receivable are fully collectible and are due as follows at September 30, 2021 and 2020:

	2021	2020
Due in less than one year	$ 844,000	$ 1,036,358
Due between one and five years	1,104,500	1,190,616
Due after five years	1,797,375	1,838,250
Total	$ 3,745,875	$ 4,065,224
Allowance for doubtful accounts	-	(248,783)
Discount	(1,251,807)	(1,342,246)
Pledges receivable, net	$ 2,494,068	$ 2,474,195

Note 4. Investments:

Investments are recorded at fair market value and consisted of the following at September 30, 2021 and 2020:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Investment cash and money market funds	$ 822,248	$ 822,248	$ 1,554,080	$ 1,554,080
Equity securities	7,196,096	12,344,377	7,276,184	10,517,305
Corporate bonds	1,965,764	2,097,179	2,212,479	2,327,663
Fixed income and U.S. Treasuries	1,642,042	1,693,985	1,965,171	2,074,191
Government bonds	50,210	49,414	-	-
Mutual funds - equity	567,415	863,739	741,461	726,090
	$ 12,243,775	$ 17,870,942	$ 13,749,375	$ 17,199,329

Note 4. Investments: (Concluded)

The Alliance invests in a variety of investments. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

Investment income was comprised of the following for the years ended September 30, 2021 and 2020:

	2021	2020
Interest and dividends	$ 314,487	$ 297,139
Investment income, net	2,875,112	596,297
	$ 3,189,599	$ 893,436
Investment gain – Perpetual Trust	20,375	19,950
Total	$ 3,209,974	$ 913,386

The following table presents the fair value hierarchy for those assets measured at fair value under accounting standards on a recurring basis as of September 30, 2021:

	Level 1	Level 2	Level 3	Total
Investment cash and money market funds	$ 822,248	$ -	$ -	$ 822,248
Equity securities	12,344,377	-	-	12,344,377
Corporate bonds	-	2,097,179	-	2,097,179
Fixed income and U.S. Treasuries	-	1,693,985	-	1,693,985
Government bonds	-	49,414	-	49,414
Mutual Funds - equity	863,739	-	-	863,739
	$ 14,030,364	$ 3,840,578	$ -	$ 17,870,942

The following table presents the fair value hierarchy for those assets measured at fair value under accounting standards on a recurring basis as of September 30, 2020:

	Level 1	Level 2	Level 3	Total
Investment cash and money market funds	$ 1,554,080	$ -	$ -	$ 1,554,080
Equity securities	10,517,305	-	-	10,517,305
Corporate bonds	-	2,327,663	-	2,327,663
Fixed income and U.S. Treasuries	-	2,074,191	-	2,074,191
Mutual Funds - equity	726,090	-	-	726,090
	$ 12,797,475	$ 4,401,854	$ -	$ 17,199,329

Note 5. Liquidity and Availability:

Financial assets available for general, unrestricted expenditure within one year of the statement of financial position date, are comprised of the following on September 30, 2021:

Cash and cash equivalents	$	1,306,967
Accounts receivable		770,949
Pledges receivable, net		2,494,068
Investments		17,870,942
Financial assets, at September 30, 2021	$	22,442,926
Less amounts not available to be used within one year:		
Net assets with donor restrictions		(6,652,386)
Financial assets available to meet general expenditures over the next twelve months	$	15,790,540

Financial assets available for general, unrestricted expenditure within one year of the statement of financial position date, are comprised of the following on September 30, 2020:

Cash and cash equivalents	$	1,164,513
Accounts receivable		1,144,766
Pledges receivable, net		2,474,195
Investments		17,199,329
Financial assets, at September 30, 2020	$	21,982,803
Less amounts not available to be used within one year:		
Net assets with donor restrictions		(7,332,580)
Financial assets available to meet general expenditures over the next twelve months	$	14,650,223

The Alliance's goal is generally to maintain financial assets to meet 120 days (four months) of operating expenses which is approximately $8,000,000. As part of the Alliance's liquidity plan, excess cash is invested in money market accounts and/or investments. The Alliance also has a $1,500,000 operating line of credit available to meet cash flow needs.

Note 6. Animal Control Contract:

Since 1980, the Alliance has provided animal control services under a contract with the District of Columbia (the District) to operate the District Animal Control (DCAC) facility. On November 19, 2017, the Alliance negotiated a one year contract (along with four one-year options) with the District Department of Health for animal control and the DC Animal Shelter. The contract is a labor rate contract for up to $4,194,441 and allows for up to $370,000 of reimbursable expenses. Subsequent years have rate increases to the contract. On November 18, 2022, the Alliance entered into a month-to-month contract with the District to allow sufficient time for a longer term contract renewal to be negotiated and entered into.

The District contract accounted for 18% and 19% of the Alliance's total revenue for the years ended September 30, 2021 and 2020, respectively.

Note 7. Charitable Trusts:

The Alliance is named as a beneficiary of two perpetual trusts administered by financial institutions. The Alliance's value of its interest in the trusts as of September 30, 2021 and 2020 was $173,972 and $169,122 respectively. The trusts are recognized as an asset and as net assets with donor restriction in the accompanying financial statements. The Alliance is entitled to receive quarterly distributions, which are based on the dividend and interest income received on the assets of the trusts during the quarter. The quarterly distributions are recorded as investment income when received.

The Alliance also recognizes two perpetual trusts for which St. Hubert's is named as a beneficiary on the statements of financial position. The value of the interest in the trusts as of September 30, 2021 and 2020 was $538,265 and $522,740, respectively. Similarly, to the trusts mentioned above, these trusts are recognized as an asset and as net assets with donor restrictions in the accompanying financial statements. The Alliance is entitled to receive monthly and quarterly distributions, which are based on the dividend and interest income received on the assets of the trusts during the month or quarter. The monthly and quarterly distributions are recorded as investment income when received.

The Alliance's share of changes in the fair value of the trust assets are recognized as permanently restricted changes (net assets with donor restrictions) in perpetual trust value.

Note 8. Net Assets With Donor Restrictions:

The Alliance records certain donor-restricted contributions as net assets with donor restrictions. The Alliance releases these net assets with donor restrictions as it incurs direct expenses related to the restrictions. Net assets with donor restrictions consisted of the following as of September 30, 2021 and 2020:

	2021	2020
Building Fund	$ 1,084,267	$ 1,891,621
Workforce Development	125,000	-
Other purpose restricted, balances < $25,000 each	39,828	64,142
Cat Count	72,362	300,178
Ann Brody Cove	61,665	83,930
PetCo Foundation	200,000	300,000
Disaster response	69,944	73,335
Humane Education	38,969	-
Pet Resource Center	243,597	-
Fournier Foundation	125,000	-
Endowment net assets	4,639,749	4,619,374
Total	$ 6,700,381	$ 7,332,580

The net assets released from restrictions for the years ended September 30, 2021 and 2020 consist of the following:

	2021	2020
Time and Purpose Restriction	$ 2,830,603	$ 4,953,341

Certain net assets with donor restrictions consist of fund bequests from separate donors. The assets are to be held in perpetuity and the net earnings used for general operations.

Note 9. Line of Credit:

The Alliance has available a $1,500,000 revolving line of credit with a financial institution. Interest payments are due monthly and calculated at 4.25%. The final principal and interest payment on the revolving line of credit is due on demand. The outstanding balance at September 30, 2021 and 2020 was $650,000 and $750,084, respectively. This line is secured by the Alliance's investment account at Charles Schwab & Co., Inc. The line matures April 30, 2023.

Note 10. Notes Payable:

The Alliance maintained the following notes payable at September 30, 2021 and 2020:

In March of 2019, the Alliance refinanced its debt with a new lender. The interest rate on the note is 4.22%, payable in monthly payments of principal and interest in the amount of $31,335. The note matures April 24, 2024 and is secured by property at 15 and 71 Oglethorpe Street, Washington, D.C. The balance of the loan was $5,447,868 and $5,587,548 as of September 30, 2021 and 2020, respectively.

In 2016, the Alliance purchased two vehicles with dealer financing at interest rates ranging from 4.24% to 6.95%. The total cost of these vehicles is $58,416. The terms of the two notes include sixty monthly payments totaling $1,038, with maturity dates in October 2020 and March 2022. The balance of the notes at September 30, 2021 and 2020 was $3,096 and $9,479, respectively.

In 2018, the Alliance purchased four vehicles with dealer financing at interest rates ranging from 3.99% to 5.99%. The total cost of these vehicles is $120,534. The terms of the four notes range from sixty to seventy-two monthly payments of $2,129 with maturity dates in January and February 2023 and February 2024. The balance of the notes at September 30, 2021 and 2020 was $44,109 and $66,700, respectively.

In 2019, the Alliance purchased seven vehicles with dealer financing at interest rates ranging from 5.99% to 6.50%. The total cost of these vehicles was $264,941. The terms of each of the seven notes include sixty monthly payments totaling $4,731 with maturity dates ranging from June 2024 to November 2024. The balance of the notes at September 30, 2021 and 2020 was $149,559, and $195,468, respectively.

In March of 2019, the Alliance entered into a $2.5 million promissory note with United Bank to acquire two real estate properties located adjacent to land already owned by the Alliance. Those parcels were purchased in March and September of 2019, respectively. The terms of the promissory note are monthly interest payments for five years with a balloon payment due in February 2024. The loan has a fixed interest rate of 5.50%. The outstanding balance at September 30, 2021 and 2020 was $2,480,170. The loan is secured by the Charles Schwab investment account.

In 2020, the Alliance purchased nine vehicles with dealer financing at interest rates ranging from 5.99% to 6.50%. The total cost of these vehicles was $297,096. The terms of each of the nine vehicles include sixty monthly payments totaling $5,924 with maturity dates ranging from June 2023 to March 2025. The balance of the notes at September 30, 2021 and 2020 was $206,165 and $263,750, respectively.

In 2021, the Alliance purchased two vehicles with dealer financing at interest rates ranging from 5.24% to 5.32%. The total cost of these vehicles was $57,085. The terms of both vehicles include sixty monthly payments totaling $1,086 with maturity dates in May 2026. The balance of the notes at September 30, 2021 was $53,738.

Note 10. Notes Payable: (Concluded)

Future payments are as follows:

Year Ending September 30,	
2022	$ 499,142
2023	485,263
2024	7,368,590
2025	28,779
2026 and thereafter	2,931
Total	$ 8,384,705

Note 11. Deferred Revenue:

Revenue received in advance of the period in which it will be earned is reported as deferred revenue. Deferred revenue consists primarily of advance deposits for future fundraising events and prepaid tenant rent.

The following table provides information about significant changes in deferred revenue for the years ended September 30:

	2021	2020
Deferred revenue, beginning of year	$ 90,171	$ 266,421
Revenue recognized that was included in deferred revenue at beginning of year	(88,921)	(263,250)
Deferred revenue received during the year	139,675	87,000
Deferred revenue, end of year	$ 140,925	$ 90,171

Note 12. Paycheck Protection Program Funds:

In April 2020, the Alliance applied for and received a $2,175,000 loan under the Paycheck Protection Program (PPP) created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrued interest at 1%, but payments were not required to begin for 24 months after the funding of the loan. The loan was uncollateralized and was fully guaranteed by the Federal government. In August 2021, the Alliance applied for and received forgiveness for the full amount of the loan. In accordance with available guidance from the AICPA, the Alliance accounted for the PPP funds similar to other government grants under FASB ASC 958-605. Due to the Alliance incurring the qualified expenses during 2020, the Alliance recognized the full amount of $2,175,000 as revenue during the fiscal year ended September 30, 2020 and is included in contributions and grants revenue.

Note 13. Retirement Plan:

Effective January 1, 2016, the Alliance restated a defined contribution 401(k) pension plan covering substantially all employees. Effective January 2017, the Alliance adopted a 401(k) safe harbor plan and an employee becomes eligible to participate in the pension plan after three months of service. The Alliance matches 100% of the first 3% of employees' deferrals, and 50% of the next 2% of the employees' deferrals, for a total of 5%. Benefits related to employer contributions are 100% vested when made to the account. Pension expense for the years ended September 30, 2021 and 2020 was $235,722 and $223,616, respectively.

Note 14. Endowment and Net Assets With Donor Restrictions:

The Alliance has a donor-restricted endowment fund established for the purposes of providing income to support specific donor-restricted activities. As required by GAAP, net assets of the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of directors of the Alliance has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Alliance classifies as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations of the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions (previously permanently restricted net assets) is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Alliance in a manner consistent with the standard of prudence prescribed by UPMIFA. The Alliance considered all amounts earned on the endowment fund to be appropriated for current use.

Note 14. Endowment and Net Assets With Donor Restrictions: (Concluded)

The Alliance's endowment investment policy is focused on preservation of capital and amounts are invested in equities, U.S. and corporate bonds, mutual funds, annuity contracts, and cash.

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets,			
September 30, 2019	$ -	$ 4,599,424	$ 4,599,424
Investment income	230,969	19,950	250,919
Expenditures	(230,969)	-	(230,969)
Endowment net assets,			
September 30, 2020	$ -	$ 4,619,374	$ 4,619,374
Investment income	777,312	20,375	797,687
Expenditures	(777,312)	-	(777,312)
Endowment net assets,			
September 30, 2021	$ -	$ 4,639,749	$ 4,639,749

Note 15. Commitments and Contingency:

Commitment

The Alliance hosts a variety of fundraising events throughout the year, in connection with which the Alliance has entered into agreements with various hotels and facilities for these events. If the Alliance withdraws from these contracts, it will pay a cancellation fee based on calculations from the hotels. The amount of the fees cannot be estimated as of September 30, 2021 and 2020. The Alliance has also entered into various other fundraising related contracts. Cancellation of the hotel and other contracts is not expected to occur.

Contingency

From time to time, the Alliance is subject to various claims and legal proceedings covering a wide range of matters that arise in the normal course of its business matters. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material effect on the financial condition or results of operations of the Alliance.

The Alliance receives a significant portion of its revenue from grants. The ultimate determination of amounts received under these programs often is based on allowable costs reported to the grantor. In some instances, the grantor reserves the right to audit the program costs. Until the final settlement is reached with each grantor, there exists a contingency to refund any amount received for costs deemed unallowable in an audit conducted by a grantor.

Note 16. Subsequent Events:

The Alliance has evaluated events through December 5, 2022, the date the financial statements were available to be issued, and determined that there was no event occurring subsequent to September 30, 2021, that requires recognition or disclosure in these financial statements except for the Alliance entering into a month-to-month contract with the District to operate the District Animal Control facility that is disclosed in Note 6.