

Cat Care Society

Financial Statements

For the Year Ended June 30, 2023

(With Comparative Totals for the Year Ended June 30, 2022)



Certified Public Accountants

Cat Care Society

Table of Contents

Independent Auditor's Report	1 - 2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to the Financial Statements	7 - 19



Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Cat Care Society

Opinion

We have audited the accompanying financial statements of Cat Care Society (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows 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 Cat Care Society as of June 30, 2023, and the changes in 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 Cat Care Society 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 Cat Care Society'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, including omissions, 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.



Certified Public Accountants

Independent Auditor's Report

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 Cat Care Society'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 Cat Care Society's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Cat Care Society's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 9, 2022. In our opinion, the summarized comparative information presented herein as of June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Olson, Reyes and Sauerwein, LLC

Centennial, Colorado

January 5, 2024

Cat Care Society

Statements of Financial Position

June 30, 2023

(With Comparative Totals as of June 30, 2022)

	2023	2022
Assets		
Cash	\$ 372,004	\$ 588,199
Contributions receivable	5,018	21,245
Prepaid expenses	35,779	5,400
Inventory	14,766	7,977
Investments	1,431,806	970,687
Property and equipment, net	1,188,566	1,175,786
Beneficial interest in assets held by Community First Foundation	35,992	34,493
TOTAL ASSETS	\$ 3,083,931	\$ 2,803,787
Liabilities		
Accounts payable	\$ 45,468	\$ 14,258
Accrued payroll liabilities	37,586	34,395
Deferred revenue	45,126	6,540
Total Liabilities	128,180	55,193
Net Assets		
Without donor restrictions		
Undesignated	1,726,175	1,517,070
Net investment in fixed assets	1,188,566	1,175,786
Total Net Assets Without Donor Restrictions	2,914,741	2,692,856
With donor restrictions	41,010	55,738
Total Net Assets	2,955,751	2,748,594
TOTAL LIABILITIES AND NET ASSETS	\$ 3,083,931	\$ 2,803,787

See Notes to Financial Statements

Cat Care Society

Statements of Activities

For the Year Ended June 30, 2023

(With Comparative Totals as of June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023	2022
Support and Revenue				
Contributions and grants	\$ 1,905,337	\$ 5,018	\$ 1,910,355	\$ 1,205,209
Special events, net	22,296	-	22,296	138,964
Program service fees	80,517	-	80,517	84,356
Retail sales	21,408	-	21,408	25,793
Investment income (loss), net	55,526	-	55,526	(95,560)
Change in beneficial interest in assets held by				
Community First Foundation	-	1,499	1,499	(5,912)
Other	325	-	325	396
Net assets released from restrictions	21,245	(21,245)	-	-
Total Support and Revenue	2,106,654	(14,728)	2,091,926	1,353,246
Expenses				
Program services - shelter/adoption/education	1,345,448	-	1,345,448	945,923
Supporting Services				
Management and general	257,240	-	257,240	267,783
Fundraising	282,081	-	282,081	183,936
Total Expenses	1,884,769	-	1,884,769	1,397,642
Change in Net Assets	221,885	(14,728)	207,157	(44,396)
Net Assets - Beginning of Year	2,692,856	55,738	2,748,594	2,792,990
NET ASSETS - END OF YEAR	\$ 2,914,741	\$ 41,010	\$ 2,955,751	\$ 2,748,594

See Notes to Financial Statements

Cat Care Society

Statements of Functional Expenses

For the Year Ended June 30, 2023

(With Summarized Financial Information For the Year Ended June 30, 2022)

	Program Services		Supporting Services		2023	2022
	Shelter/ Adoption/ Education	Management and General	Fundraising			
Salaries	\$ 845,970	\$ 65,528	\$ 177,428	\$ 1,088,926	\$ 789,116	
Employee benefits	19,262	1,492	4,040	24,794	25,152	
Payroll taxes	68,857	5,334	14,442	88,633	58,593	
Total Personnel Costs	934,089	72,354	195,910	1,202,353	872,861	
Advertising	2,942	-	940	3,882	9,921	
Auto expenses	425	295	-	720	2,398	
Bank fees	-	3,885	-	3,885	12,465	
Contract and professional fees	28,504	74,718	-	103,222	32,636	
Cost of direct benefit to donors	-	-	14,306	14,306	50,803	
Cost of product sales	-	-	9,961	9,961	7,745	
Depreciation	3,577	56,520	11,447	71,544	65,009	
Direct fundraising expenses	-	-	5,906	5,906	8,032	
Dues and subscriptions	4,866	3,369	2,720	10,955	9,472	
Equipment and software	2,240	2,463	9,752	14,455	9,489	
Insurance expenses	717	11,329	2,295	14,341	11,755	
Miscellaneous	-	6,203	365	6,568	4,374	
Postage	309	652	1,145	2,106	1,369	
Publications	3,391	-	24,888	28,279	14,770	
Repairs and maintenance	51,525	5,010	1,666	58,201	43,185	
Supplies	68,158	8,943	10,321	87,422	79,852	
Taxes and license fees	866	461	-	1,327	1,653	
Telephone and internet	2,124	6,980	1,189	10,293	9,722	
Travel	343	302	1,190	1,835	571	
Utilities	32,169	2,557	2,386	37,112	26,638	
Veterinary services and medication	209,203	-	-	209,203	172,519	
Volunteer	-	1,199	-	1,199	1,206	
Total Expenses by Function	\$ 1,345,448	\$ 257,240	\$ 296,387	\$ 1,899,075	\$ 1,448,445	
Less: expenses included with revenues on the Statements of Activities						
Cost of direct benefit to donors	-	-	(14,306)	(14,306)	(50,803)	
Total Expenses Included in the Expense Section on the Statements of Activities	\$ 1,345,448	\$ 257,240	\$ 282,081	\$ 1,884,769	\$ 1,397,642	

Cat Care Society

Statements of Cash Flows

For the Year Ended June 30, 2023

(With Comparative Totals for the Year Ended June 30, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 207,157	\$ (44,396)
Adjustment to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities		
Depreciation	71,544	65,009
Investment (income) loss	(55,526)	95,560
Change in beneficial interest in assets held by Community First Foundation	(1,499)	5,912
Change in Operating Assets and Liabilities		
Contributions receivable	16,227	3,847
Prepaid expenses	(30,379)	12,334
Inventory	(6,789)	673
Accounts payable	31,210	(1,478)
Accrued payroll liabilities	3,191	(23,091)
Deferred revenue	38,586	(10,920)
Net Cash Flows from Operating Activities	273,722	103,450
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(84,324)	(23,770)
Purchase of investments	(406,361)	-
Proceeds from sale of investments	-	3,855
Distributions from Community First Foundation	768	698
Net Cash Flows from Investing Activities	(489,917)	(19,217)
Net Increase (Decrease) in Cash	(216,195)	84,233
Cash - Beginning of Year	588,199	503,966
CASH - END OF YEAR	\$ 372,004	\$ 588,199

See Notes to Financial Statements

Cat Care Society

Notes to the Financial Statements

Note 1 - Significant Accounting Policies

Nature of Organization

Cat Care Society (the "Organization") is located in Lakewood, Colorado, and was incorporated in 1981 as a nonprofit corporation under the laws of the State of Colorado. The Organization was established in order to improve the quality of life for homeless, injured, and abused cats in the Denver metropolitan area. The Organization operates a cage-free shelter, sponsors educational programs to promote public awareness, and actively seeks qualified homes for the cats it receives.

Basis of Presentation

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

Classification of Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Organization, and changes therein, are classified and reported as follows:

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions: Net assets subject to donor or certain grantor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time, or other events specified by the donor. Other explicit donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Prior-Year Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. The prior year presentation does not include sufficient detail to constitute presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Cat Care Society

Notes to the Financial Statements

Note 1 - Significant Accounting Policies (continued)

Income Taxes

The Organization is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from activities not directly related to the Organization's tax exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(ii) and has been classified as an organization other than a private foundation under Section 509(a)(1).

The Organization applies a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. After evaluating the tax positions taken, none are considered to be uncertain, therefore, no amounts have been recognized as of June 30, 2023 and 2022.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from the estimates.

Cash

Cash includes all highly liquid instruments with an original maturity of three months or less, except for money market funds included in brokerage accounts.

Contributions Receivable

Contributions receivable are recognized as revenue in the period awarded and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Contributions receivable are recognized at the net realizable value if expected to be collected within one year, and at fair value if expected to be collected in greater than one year. At June 30, 2023 and 2022, contributions receivable have been determined to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded.

Conditional contributions receivable are recognized when the conditions on which they depend are substantially met.

Cat Care Society

Notes to the Financial Statements

Note 1 - Significant Accounting Policies (continued)

Investments

The Organization carries investments in marketable securities with readily determinable fair values at their fair values in the Statements of Financial Position. Certificates of deposit are carried at cost plus accrued interest which approximates fair value. Unrealized gains and losses, dividends, interest, and investment management fees, which are included in investment income, are reported in investment income (loss) on the Statements of Activities.

Inventory

Inventory consists of items held for resale in the Meow Mart. Items for sale include toys, beds, clothing, furniture, litter, and other similar items used for cat care. Inventory is stated at the lower of cost or net realizable market value.

Property and Equipment

Property and equipment are stated at cost or at the estimated fair value at the date of donation. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets which range from 5 to 40 years.

All assets with a useful life of more than 1 year and a cost of more than \$500 are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Deferred Revenue

Deferred event revenues primarily represent fundraising event income collected before the end of the current fiscal year for the following fiscal year.

Revenue Recognition

Contribution Revenue

Contributions are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Cat Care Society

Notes to the Financial Statements

Note 1 - Significant Accounting Policies (continued)

Revenue Recognition (continued)

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when awarded.

Unconditional or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Grant Revenue

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

Grant Awards that are Contributions - Grant awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant Awards that are Exchange Transactions - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control over the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

Product Sales

The Organization sells cat toys, beds, clothing, furniture, litter, and other similar items used for cat care at the Meow Mart. Revenues are recognized at the point of sale when the product is delivered.

Program Service Fees

The Organization receives revenues from adoptions, surrenders, and shelter services. Program service fees are reported at the amounts that reflect the consideration to which the Organization expects to be entitled in exchange for providing the services. Adoption fees are recognized at the time of adoptions. Service revenues are recognized over time when the services are performed.

Cat Care Society

Notes to the Financial Statements

Note 1 - Significant Accounting Policies (continued)

Revenue Recognition (continued)

Donated Materials and Services

The Organization records the value of donated materials or services when there is an objective basis available to measure their value. The Organization recognized the estimated fair value of contributed services that meet the following criteria:

- The services rendered either create or enhance nonfinancial assets.
- The services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution.

A substantial number of volunteers have donated significant amounts of time to the Organization. No amounts have been reflected in the financial statements for these donated services because they do not meet the criteria for recognition.

Functional Expense Allocation

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and fringes are allocated based upon estimations of time and effort. Indirect costs such as occupancy and office related expenses are allocated based upon time spent and utilization.

Advertising

Advertising costs totaled \$3,882 and \$9,921, for the years ended June 30, 2023 and 2022, respectively. Advertising and marketing costs are expensed as incurred.

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No 2016-02, *Leases* (Topic 842), which requires lessees to recognize on the Statement of Financial Position a right-of-use (ROU) asset and a lease liability for most lease arrangements with a term greater than one year. The new standard also requires new disclosures to help financial statement users better understand the amount, timing and uncertainty of cash flows arising from the leases. The Organization adopted ASU 2016-02 for the year ended June 30, 2023 using the modified retrospective method and elected the transition relief practical expedient, therefore, the standard was applied for the year ended June 30, 2023, and the year ended June 30, 2022 is presented under the previous lease standard (ASC 840). The adoption did not have any impact on the Organization's financial statements.

Cat Care Society

Notes to the Financial Statements

Note 1 - Significant Accounting Policies (continued)

Recently Adopted Accounting Pronouncements (continued)

In September 2020, the FASB issued Accounting Standards Update (ASU) No. 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets. The purpose of ASU 2020-07 is to clarify the presentation and disclosure of contributed nonfinancial assets with an intention to provide the reader of the financial statements a clearer understanding of what type of nonfinancial assets were received and how they are used and recognized by the Organization. The Organization adopted ASU 2020-07 in in fiscal year 2023. The adoption did not have any impact on the Organization's financial statements.

Subsequent Events

In preparing its financial statements, the Organization has evaluated subsequent events through January 5, 2024, which is date the financial statements were available to be issued. Management of the Organization has not identified any material subsequent events that require reporting or disclosure.

Note 2 - Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statements of Financial Position date, comprise the following as of June 30, 2023 and 2022:

	2023	2022
Cash	\$ 372,004	\$ 588,199
Contributions receivable - due within one year	5,018	16,227
Investments	1,431,806	970,687
Total financial assets available for general expenditure	\$ 1,808,828	\$ 1,575,113

The Organization does not have a formal liquidity policy, but generally maintains financial assets in liquid form such as cash and cash equivalents for approximately two to four months.

The Organization also has a line-of-credit available for cash flow needs of up to \$150,000 as further described in Note 10.

Note 3 - Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, receivables, accounts payable, and accrued liabilities. The carrying value of cash and cash equivalents, receivables, accounts payable, and accrued liabilities are considered to be representative of their fair market value, due to the short maturity of these instruments.

Cat Care Society

Notes to the Financial Statements

Note 3 - Concentration of Credit Risk (continued)

The Organization places its cash and cash equivalents with high credit quality financial institutions. At various times during the fiscal year, the Organization's cash balances exceeded the federally insured limits. The Organization has never experienced any losses related to these balances. Credit risk with respect to the receivables is limited due to the number and creditworthiness of the entities from which the amounts are due.

The Organization received the majority of its revenues from public support during the years ended June 30, 2023 and 2022, respectively. A significant reduction in the level of such support, if this were to occur, may have an adverse effect on the Organization's programs and activities.

Note 4 - Contributions Receivable

The Organization has received a multi-year commitment from an estate. Management believes present value calculations are immaterial to the financial statements, and that there are no uncollectible receivables. Total contributions receivable of \$5,018 at June 30, 2023 are expected to be received in 2024.

Note 5 - Property and Equipment

Property and equipment consisted of the following at June 30, 2023 and 2022.

	2023	2022
Land	\$ 100,000	\$ 100,000
Buildings and improvements	1,877,350	1,846,590
Furniture and equipment	240,359	192,295
Software	11,300	5,800
	2,229,009	2,144,685
Less: accumulated depreciation	(1,040,443)	(968,899)
Property and Equipment - Net	\$ 1,188,566	\$ 1,175,786

Note 6 - Beneficial Interest in Assets held by Community First Foundation

The Organization has entered into an endowment agreement with Community First Foundation (the "Foundation") (Note 7). While accounting for the Organization's funds as a separate entity, the Foundation commingles these funds with the funds of other entities for investment in order to achieve beneficial economies of scale and provide cost-effective access to professional investment management. As of June 30, 2023 and 2022, the fair value of the assets held by the Foundation totaled \$35,992 and \$34,493, respectively.

Cat Care Society

Notes to the Financial Statements

Note 7 - Endowment

The State of Colorado adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective September 1, 2008. The Board of Directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a consequence, the Organization classifies as net assets with donor restrictions: (a) the original value of the gifts donated to the endowment, and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified as permanent endowment is classified as accumulated earnings on the endowment until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Board acknowledges that donors to an endowment fund intend that the principal of the endowment fund shall be preserved in perpetuity. In making a determination to appropriate or accumulate, the Organization shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:

- (1) The duration and preservation of the fund;
- (2) The purpose of the Organization and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other Organization resources;
- (7) The investment policies of the Organization.

The following are changes in the endowment net assets for the years ended June 30, 2023 and 2022:

	Total
Balance, June 30, 2021	\$ 41,103
Investment (loss)	(5,912)
Appropriation of endowment assets for expenditure	(698)
Balance, June 30, 2022	34,493
Investment income	1,499
Balance, June 30, 2023	\$ 35,992

Cat Care Society

Notes to the Financial Statements

Note 7 - Endowment (continued)

Funds with Deficiencies

From time to time, the endowment fund may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2023 and 2022, there was no such deficiency.

Spending Policy

Disbursements from the endowment are determined by a spending policy established by the Board of Trustees. The spending policy will be reviewed as least annually by the Board. The current spending policy calls for disbursements of up to 2% of the average market value of the fund calculated over the three preceding fiscal years.

Investment Return Objectives

The Organization follows the investment and spending policies adopted by Community First Foundation for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Organization relies on the Community First Foundation's investment policies and strategies.

Note 8 - Investments

Investments consisted of the following at June 30, 2023 and 2022:

<i>As of December 31,</i>	2023	2022
Money market accounts	\$ 151,446	\$ 224,613
Mutual funds	699,465	621,294
Certificates of deposit	555,690	75,811
Stocks	22,564	46,695
Other	2,641	2,274
Total Investments	\$ 1,431,806	\$ 970,687

Cat Care Society

Notes to the Financial Statements

Note 8 - Investments (continued)

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

Investment income (loss) consisted of the following for the years ended June 30, 2023 and 2022:

	2023	2022
Interest and dividends	\$ 804	\$ 137
Realized and unrealized gains on investments	64,773	(86,766)
Management fees	(10,051)	(8,931)
Net Investment Income (Loss)	\$ 55,526	\$ (95,560)

Note 9 - Fair Value Measurements

The Organization has adopted the Fair Value Measurements and Disclosures Topic of FASB ASC, which among other things, requires enhanced disclosures about investments that are reported at fair value. The standard establishes a hierarchal framework that prioritizes the inputs used in measuring assets and liabilities at fair value. Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 - Pricing inputs that are unobservable and include situations where there is little, if any, market activity. The inputs into the determination of fair value require significant management judgment or estimation.

Cat Care Society

Notes to the Financial Statements

Note 9 - Fair Value Measurements (continued)

Following is a description of the valuation methodologies used for assets measures at fair value:

Money market funds: Valued measured using \$1 as the net asset value.

Mutual funds and equities: Fair value based on quoted price in active markets.

Certificates of deposit: Valued at cost plus accrued interest which approximates the fair value.

Beneficial interest in assets held by Community First Foundation: Valued as reported by the organization holding the funds, based on the fair value of the underlying assets consisting mainly of equities and fixed income securities which were based on quoted market prices.

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position, at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2023 and 2022:

June 30, 2023	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by the Community First Foundation	\$ -	\$ 35,992	\$ -	\$ 35,992
Mutual funds	699,465	-	-	699,465
Certificates of deposit	-	555,690	-	555,690
Stocks	22,564	-	-	22,564
Money market accounts	-	151,446	-	151,446
Total	\$ 722,029	\$ 743,128	\$ -	\$ 1,465,157

June 30, 2022	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by the Community First Foundation	\$ -	\$ 34,493	\$ -	\$ 34,493
Mutual funds	623,811	-	-	623,811
Certificates of deposit	-	75,811	-	75,811
Stocks	46,695	-	-	46,695
Money market accounts	-	224,370	-	224,370
Total	\$ 670,506	\$ 334,674	\$ -	\$ 1,005,180

Cat Care Society

Notes to the Financial Statements

Note 10 - Line of Credit

The Organization has a \$150,000 line-of-credit established at BMO (formerly, Bank of the West) with an interest rate equal to the Bank of the West Prime Rate plus .25%. There were no amounts outstanding on the line of credit at June 30, 2023 and 2022. The line of credit renews annually. The Organization is required to hold a certificate of deposit as collateral for this line of credit. As of June 30, 2023 and 2022, the balance of the certificate of deposit is \$75,849 and \$75,811, respectively.

Note 11 - Operating Lease Commitments

The Organization leases office equipment under an operating lease expiring in June 2025. Due to the immateriality of the remaining commitment, the Organization did not calculate a right-of-use asset or lease liability relating to this lease. Future minimum lease payments under this operating lease are as follows:

	June 30
2023	\$ 3,300
2024	3,300
2025	1,650
Total	\$ 8,250

Rent expense was \$5,365 and \$3,742, for the years ended June 30, 2023 and 2022, respectively, and is included in equipment and software expenses on the Statement of Functional Expenses.

Note 12 - Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following:

	2023	2022
<u>Subject to the passage of time:</u>		
Contributions receivable	\$ 5,018	\$ 21,245
<u>Endowment:</u>		
Community First Foundation Fund	30,000	30,000
Accumulated earnings on the Endowment	5,992	4,493
Total Net Assets with Donor Restrictions	\$ 41,010	\$ 55,738

Cat Care Society

Notes to the Financial Statements

Note 13 - Retirement Plan

The Organization has a 401(k) plan for eligible employees. To be eligible, employees need to be 18 years of age and completed 1,000 hours of service with the Organization. The Organization, at its discretion, may authorize contributions to the plan. All discretionary contributions are accrued in the year to which they relate. There were no contributions for the years ended June 30, 2023 and 2022.

Note 14 - Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.