atlanta humane society

AND SOCIETY FOR PREVENTION OF CRUELTY TO ANIMALS, INC.

ATLANTA, GEORGIA

AUDITED CONSOLIDATED
FINANCIAL STATEMENTS

FOR THE YEARS ENDED
SEPTEMBER 30, 2023 AND 2022

ATLANTA HUMANE SOCIETY AND SOCIETY FOR PREVENTION OF CRUELTY TO ANIMALS, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

Jones and Kolb
Certified Public Accountants
Atlanta, Georgia

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Atlanta Humane Society and Society for
Prevention of Cruelty to Animals, Inc.
Atlanta, Georgia

Opinion

We have audited the accompanying consolidated financial statements of Atlanta Humane Society and Society for Prevention of Cruelty to Animals, Inc. (a not-for-profit organization) (the "Organization"), which comprise the consolidated statements of financial position as of September 30, 2023 and 2022, and the related consolidated statements of activities and net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2023 and 2022, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the 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 Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Jones and Kolb

March 29, 2024

ATLANTA HUMANE SOCIETY AND SOCIETY FOR PREVENTION OF CRUELTY TO ANIMALS, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND 2022

ASSETS

	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	$ 5,973,436	$ 1,073,381
Marketable securities	10,916,217	10,636,862
Promises to give, net	1,734,162	2,110,725
Other current assets	1,318,940	2,359,683
Right-of-use assets	111,766	110,309
Total current assets	20,054,521	16,290,960
PROPERTY AND EQUIPMENT, NET	24,383,452	31,236,140
OTHER ASSETS		
Right-of-use assets - long term	383,609	495,375
Promises to give, net - long term	507,969	1,615,982
Beneficial interests in perpetual trusts	3,692,250	3,502,815
Marketable securities - endowment	2,075,432	2,075,432
Total other assets	6,659,260	7,689,604
Total assets	$ 51,097,233	$ 55,216,704

LIABILITIES AND NET ASSETS

	2023	2022
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 1,657,184	$ 2,052,138
Operating lease obligations	112,180	106,703
Line of credit	-	2,500,000
Total current liabilities	1,769,364	4,658,841
OPERATING LEASE OBLIGATIONS - LONG TERM	411,991	524,170
NET ASSETS		
Without donor restrictions	40,504,915	31,565,986
With donor restrictions	8,410,963	18,467,707
Total net assets	48,915,878	50,033,693
Total liabilities and net assets	$ 51,097,233	$ 55,216,704

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

ATLANTA HUMANE SOCIETY AND SOCIETY FOR PREVENTION OF CRUELTY TO ANIMALS, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES AND NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES			
Support and revenues			
Program service revenues			
Shelter Services	$ 890,853	$ -	$ 890,853
Community Veterinary Services	954,631	-	954,631
Total program service revenues	1,845,484	-	1,845,484
Contributions	9,071,740	883,017	9,954,757
Capital campaign contributions	-	273,946	273,946
In-kind contributions	1,751,553	-	1,751,553
Special events (net of direct expenses of $390,352)	678,918	-	678,918
Investment spending allocation	950,000	-	950,000
Net assets released from restrictions	11,761,902	(11,761,902)	-
Total support and revenues	26,059,597	(10,604,939)	15,454,658
Expenses			
Program service expenses			
Shelter Services	10,322,896	-	10,322,896
Community Engagement Services	1,865,537	-	1,865,537
Community Veterinary Services	2,423,915	-	2,423,915
Total program service expenses	14,612,348	-	14,612,348
Administrative and general expenses	1,599,487	-	1,599,487
Fundraising expenses	2,597,315	-	2,597,315
Total functional expenses	18,809,150	-	18,809,150
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	7,250,447	(10,604,939)	(3,354,492)
NON-OPERATING ACTIVITIES			
Net realized and unrealized gain on marketable securities and beneficial interests in perpetual trusts	936,922	417,500	1,354,422
Investment income, net	654,711	130,695	785,406
Gain on sale of fixed assets	1,116,643	-	1,116,643
Interest expense	(69,794)	-	(69,794)
Investment spending allocation	(950,000)	-	(950,000)
CHANGE IN NET ASSETS FROM NON-OPERATING ACTIVITIES	1,688,482	548,195	2,236,677
CHANGE IN NET ASSETS	8,938,929	(10,056,744)	(1,117,815)
NET ASSETS, Beginning of year	31,565,986	18,467,707	50,033,693
NET ASSETS, End of year	$ 40,504,915	$ 8,410,963	$ 48,915,878

The accompanying notes to financial statements are an integral part of this statement.

ATLANTA HUMANE SOCIETY AND SOCIETY FOR
PREVENTION OF CRUELTY TO ANIMALS, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES AND NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES			
Support and revenues			
Program service revenues			
Shelter Services	$ 963,303	$ -	$ 963,303
Community Veterinary Services	700,969	-	700,969
Total program service revenues	1,664,272	-	1,664,272
Contributions	8,055,576	1,003,819	9,059,395
Capital campaign contributions	-	6,305,074	6,305,074
In-kind contributions	1,458,743	-	1,458,743
Special events (net of direct expenses of $274,631)	441,001	-	441,001
Investment spending allocation	1,008,000	-	1,008,000
Net assets released from restrictions	827,057	(827,057)	-
Total support and revenues	13,454,649	6,481,836	19,936,485
Expenses			
Program service expenses			
Shelter Services	8,392,903	-	8,392,903
Community Engagement Services	1,778,364	-	1,778,364
Community Veterinary Services	1,801,959	-	1,801,959
Total program service expenses	11,973,226	-	11,973,226
Administrative and general expenses	1,310,184	-	1,310,184
Fundraising expenses	2,481,959	-	2,481,959
Total functional expenses	15,765,369	-	15,765,369
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(2,310,720)	6,481,836	4,171,116
NON-OPERATING ACTIVITIES			
Net realized and unrealized loss on marketable securities and beneficial interests in perpetual trusts	(3,143,163)	(1,758,553)	(4,901,716)
Investment income, net	628,020	140,758	768,778
Interest expense	(16,959)	-	(16,959)
Loss on uncollectible pledges	(76,739)	-	(76,739)
Investment spending allocation	(1,008,000)	-	(1,008,000)
CHANGE IN NET ASSETS FROM NON-OPERATING ACTIVITIES	(3,616,841)	(1,617,795)	(5,234,636)
CHANGE IN NET ASSETS	(5,927,561)	4,864,041	(1,063,520)
NET ASSETS, Beginning of year	37,493,547	13,603,666	51,097,213
NET ASSETS, End of year	$ 31,565,986	$ 18,467,707	$ 50,033,693

The accompanying notes to financial statements
are an integral part of this statement.

ATLANTA HUMANE SOCIETY AND SOCIETY FOR PREVENTION OF CRUELTY TO ANIMALS, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Shelter Services	Community Engagement Services	Community Veterinary Services	Total Program Services	Administrative and General Expenses	Fundraising Expenses	Total Expenses
Salaries and related benefits	$ 4,791,686	$ 1,196,689	$ 1,329,119	$ 7,317,494	$ 1,148,938	$ 1,202,338	$ 9,668,770
Animal care supplies	1,585,739	-	4,504	1,590,243	-	-	1,590,243
Media and public awareness	135,983	138,692	37,352	312,027	-	976,664	1,288,691
Occupancy	988,266	4,251	111,167	1,103,684	11,893	12,182	1,127,759
Animal medical supplies and services	457,875	-	617,168	1,075,043	-	-	1,075,043
Professional services	132,523	372,074	-	504,597	61,682	-	566,279
Statewide shelter support grants	534,727	-	-	534,727	-	-	534,727
Information technology	153,660	68,451	86,633	308,744	80,570	133,736	523,050
Bank and merchant service fees	27,068	-	18,342	45,410	38,501	168,823	252,734
Insurance	125,948	5,409	15,426	146,783	10,291	4,179	161,253
Miscellaneous expenses	109,272	2,190	5,962	117,424	43,118	-	160,542
Employee professional development	39,890	47,456	8,538	95,884	25,059	14,447	135,390
Travel	46,914	13,584	19,033	79,531	47,724	1,620	128,875
Office supplies	60,498	3,553	11,335	75,386	13,500	33,339	122,225
Repairs and maintenance	42,219	25	8,400	50,644	1,228	-	51,872
Cost of goods sold	22,624	-	-	22,624	-	-	22,624
Total expenses before depreciation	9,254,892	1,852,374	2,272,979	13,380,245	1,482,504	2,547,328	17,410,077
Depreciation	1,068,004	13,163	150,936	1,232,103	116,983	49,987	1,399,073
Total expenses	$ 10,322,896	$ 1,865,537	$ 2,423,915	$ 14,612,348	$ 1,599,487	$ 2,597,315	$ 18,809,150

The accompanying notes to financial statements are an integral part of this statement.

ATLANTA HUMANE SOCIETY AND SOCIETY FOR PREVENTION OF CRUELTY TO ANIMALS, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Shelter Services	Community Engagement Services	Community Veterinary Services	Total Program Services	Administrative and General Expenses	Fundraising Expenses	Total Expenses
Salaries and related benefits	$ 3,889,331	$ 1,110,342	$ 939,634	$ 5,939,307	$ 997,093	$ 992,691	$ 7,929,091
Animal care supplies	1,258,455	-	33,940	1,292,395	-	-	1,292,395
Media and public awareness	112,583	142,815	5,372	260,770	1,422	1,093,514	1,355,706
Occupancy	1,436,585	5,246	120,095	1,561,926	16,760	21,737	1,600,423
Animal medical supplies and services	622,478	-	516,477	1,138,955	-	-	1,138,955
Professional services	-	441,505	-	441,505	87,432	87,137	616,074
Statewide shelter support grants	239,972	-	-	239,972	-	-	239,972
Information technology	131,049	38,953	45,389	215,391	61,101	102,698	379,190
Bank and merchant service fees	28,642	-	17,721	46,363	32,999	110,411	189,773
Insurance	107,588	4,703	14,459	126,750	8,548	3,018	138,316
Miscellaneous expenses	7,891	439	13,956	22,286	22,485	3,032	47,803
Employee professional development	42,410	6,172	8,407	56,989	16,960	10,432	84,381
Travel	32,347	12,755	10,499	55,601	14,090	2,313	72,004
Office supplies	17,891	4,886	8,775	31,552	7,421	43,578	82,551
Repairs and maintenance	42,736	-	8,032	50,768	943	-	51,711
Cost of goods sold	28,604	-	-	28,604	-	-	28,604
Total expenses before depreciation	7,998,562	1,767,816	1,742,756	11,509,134	1,267,254	2,470,561	15,246,949
Depreciation	394,341	10,548	59,203	464,092	42,930	11,398	518,420
Total expenses	$ 8,392,903	$ 1,778,364	$ 1,801,959	$ 11,973,226	$ 1,310,184	$ 2,481,959	$ 15,765,369

The accompanying notes to financial statements are an integral part of this statement.

ATLANTA HUMANE SOCIETY AND SOCIETY FOR PREVENTION OF CRUELTY TO ANIMALS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (1,117,815)	$ (1,063,520)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES:		
Capital campaign contributions	(273,946)	(6,305,074)
Contributions of marketable securities	(124,492)	(258,833)
Gain on disposal of property and equipment	(1,116,643)	-
Depreciation	1,399,073	518,420
Loss on uncollectible pledges	-	76,739
Realized and unrealized (gain) loss on marketable securities	(1,164,987)	3,876,411
(Gain) loss in fair value of beneficial interests in perpetual trusts	(189,435)	1,025,305
(Increase) decrease in promises to give, net	(799,457)	901,408
Decrease (increase) in other current assets	1,040,743	(322,356)
Decrease (increase) in right-of-use assets	110,309	(605,684)
Decrease in accounts payable and accrued expenses	(394,954)	(810,674)
(Decrease) increase in operating lease obligations	(106,702)	630,873
Total adjustments	(1,620,491)	(1,273,465)
Net cash and cash equivalents used in operating activities	(2,738,306)	(2,336,985)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for the purchase of property and equipment	(2,261,742)	(11,965,233)
Proceeds from disposals of property and equipment	8,832,000	-
Purchases of marketable securities	(5,219,530)	(875,994)
Proceeds from sales of marketable securities	6,229,654	2,081,709
Net cash and cash equivalents provided by (used in) investing activities	7,580,382	(10,759,518)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital campaign contributions	2,557,979	4,622,273
Proceeds from line of credit	-	2,500,000
Payment on line of credit	(2,500,000)	-
Net cash and cash equivalents provided by financing activities	57,979	7,122,273
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,900,055	(5,974,230)
CASH AND CASH EQUIVALENTS, Beginning of year	1,073,381	7,047,611
CASH AND CASH EQUIVALENTS, End of year	$ 5,973,436	$ 1,073,381

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

ATLANTA HUMANE SOCIETY AND SOCIETY FOR PREVENTION OF CRUELTY TO ANIMALS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Atlanta Humane Society and Society for Prevention of Cruelty to Animals, Inc. (the "Society"), is a not-for-profit organization that promotes the humane treatment of animals. The principal services performed by the Society are housing, alteration and adoption of homeless animals, public veterinary services including high volume spay and neuter surgeries and community initiative programs. Services are funded through contributions, program service revenues and special events. The Society is exempt from income taxes under Section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986.

B. The Society owns 100% controlling interest in Saint Francis Pet Care, Inc. ("St. Francis"), a not-for-profit corporation providing affordable animal care services to rural and underserved communities in the state of Florida.

C. The consolidated financial statements include the accounts of the Society and St. Francis (collectively, the "Organization"). All intercompany transactions and balances have been eliminated in these consolidated financial statements.

D. The preparation of consolidated 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 consolidated financial statements and the reported amounts of support and revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. The Organization classifies net assets, revenues, gains and losses based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets 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 or grantor restrictions.

Net assets with donor restrictions - Net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature; for example, restrictions that may or will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature; for example, stipulating that those resources be maintained in perpetuity. The donors of these assets permit the Organization to use all of the income earned on related investments for general or specific purposes. More specifically, items included in net assets with donor restrictions are gifts for which restrictions have not been met.

When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Net Assets as "net assets released from restrictions." The Organization's policy is to record contributions received with restrictions and expended in the same period as contributions without donor restrictions.

Contributions that the donor requires to be used to acquire long-lived assets are reported as contributions with restrictions. Once the asset has been placed in service, the Organization reflects the expiration of the donor-imposed restriction as net assets released from restrictions.

F. The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At times, the Organization's cash balances are in excess of the federally insured limit. However, given the strength of the financial institutions, management believes such excess deposits do not create any significant loss exposure. Management periodically reviews the financial viability of the financial institutions and does not anticipate nonperformance.

G. Marketable securities and beneficial interests in perpetual trusts are recorded at fair value net of all fees paid or accrued. Marketable securities include investments in equity and fixed income funds. Realized and unrealized gains and losses on marketable securities are computed using the specific identification method. Beneficial interests in perpetual trusts include only the Organization's proportional share of the perpetual trusts.

H. Promises to give that are expected to be collected within one year are recorded at net realizable value. Promises to give that are expected to be collected in future years are initially recorded at fair value, estimated by discounting them to their present value of estimated future cash flows at a risk-adjusted rate. The discount rates are computed using risk-free interest rates applicable to the years in which the promises were received, which were 1.75% to 8.75% for the years ended September 30, 2023 and 2022. Amortization of the discounts, if any, is included in contributions in the accompanying Consolidated Statements of Activities and Net Assets.

I. Trade accounts receivable, which are included in other current assets in the accompanying Consolidated Statements of Financial Position, are recorded at the amounts of cash estimated as realizable. The Organization provides reserves for uncollectible accounts when specific accounts are deemed uncollectible. Trade accounts receivable balances are considered delinquent based upon how recently payments have been received.

J. The Organization capitalizes property and equipment over $1,000 with expected useful lives greater than one year. Purchased property and equipment are capitalized at cost and depreciated on the straight-line basis over the estimated useful lives of the assets, ranging from three to forty years. Donated assets are capitalized at the fair market value of the asset on the date of contribution. Additions and replacements are charged to property accounts, while repairs and maintenance are charged to expense as incurred.

K. The majority of the Organization's revenues are from contributions, program service revenues and special events. Contributions are recognized as revenue when cash, securities or other assets, or an unconditional promise to give is received. Program service revenues, including adoption fees and veterinary services, are accounted for as exchange transactions and are recognized as revenue when the service is completed, as payment is due at the time of these services are rendered. Special events ticket sales and sponsorships are recognized as revenue when the event takes place.

L. Donated materials and services are reflected as contributions in the accompanying consolidated statements at their estimated value at date of receipt. During the years ended September 30, 2023 and 2022, the Organization recorded donated materials and services totaling $1,751,553 and $1,458,743, respectively. Donated materials, which were primarily animal food and medical supplies, were valued at approximate fair market value at the date of receipt. Donated services consist of web advertising services, which were valued using estimated prices for similar products or services. Unpaid volunteers have made significant contributions of time to the Organization. The value of this contributed time is not reflected in the accompanying statements since it does not create or enhance non-financial assets or require specialized skills.

M. The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, general office and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimated time and effort.

N. Certain prior year amounts have been reclassified to conform to the current year consolidated financial statement presentation.

O. Subsequent events have been evaluated by management through March 29, 2024, the date these consolidated financial statements were available to be issued.

2. LIQUIDITY

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

	2023	**2022**
Financial assets:		
Cash and cash equivalents	$ 5,973,436	$ 1,073,381
Pledges and other receivables, net	2,893,539	5,520,199
Investment securities	12,991,649	12,712,294
Beneficial interests in perpetual trusts	3,692,250	3,502,815
Total financial assets, at year end	25,550,874	22,808,689
Less amounts unavailable for general expenditure:		
Long-term promises to give, net	(507,969)	(1,615,982)
Donor restrictions for specified purposes	(2,135,312)	(11,273,478)
Donor restrictions for perpetual purposes	(5,767,682)	(5,578,247)
Total financial assets available for general expenditure	$ 17,139,911	$ 4,340,982

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Additionally, the Organization has a $5,000,000 line of credit that can be drawn upon if needed (see Note 7).

3. PROMISES TO GIVE

Promises to give are due as follows at September 30:

	2023	2022
Receivable in less than one year	$ 1,734,162	$ 2,110,725
Receivable in one to five years	579,556	1,799,736
Total promises to give	2,313,718	3,910,461
Reserve for uncollectible accounts	(21,708)	(82,967)
Discount to present value	(49,879)	(100,787)
Promises to give, net	$ 2,242,131	$ 3,726,707

Promises to give consisted of the following at September 30:

	2023	2022
Capital campaign pledges	$ 829,674	$ 3,113,707
Other	1,412,457	613,000
Promises to give, net	$ 2,242,131	$ 3,726,707

4. FAIR VALUE MEASUREMENTS

U.S. generally accepted accounting principles establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Level 1 within the hierarchy states that valuations are based on unadjusted quoted market prices for identical assets or liabilities in active markets. Level 2 within the hierarchy states that valuations are based on observable inputs other than Level 1 prices, such as quoted market prices for similar assets, quoted market prices in inactive markets and other inputs that may be corroborated by observable market data. Level 3 within the hierarchy states that valuations are based upon unobservable inputs. At September 30, 2023 and 2022, the only assets or liabilities that are measured at fair value on a recurring basis in periods subsequent to initial recognition are marketable securities and beneficial interests in perpetual trusts.

Equity, fixed income and money market funds are valued at the closing price reported on the active market on which the individual securities are traded. Beneficial interests in perpetual trusts are valued utilizing the net asset valuation of the underlying funds, which value securities and other financial instruments on a mark-to-market basis of accounting.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Society believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following presents by level, within the fair value hierarchy, the Organization's marketable securities and beneficial interests in perpetual trusts at fair value at September 30:

	2023		
Description	**Level 1**	**Level 3**	**Total**
Marketable securities			
Equity funds	$ 8,748,836	$ -	$ 8,748,836
Fixed income funds	4,242,031	-	4,242,031
Money market funds	782	-	782
Total marketable securities	12,991,649	-	12,991,649
Beneficial interests in perpetual trusts	-	3,692,250	3,692,250
Total	$ 12,991,649	$ 3,692,250	$ 16,683,899

	2022		
Description	**Level 1**	**Level 3**	**Total**
Marketable securities			
Equity funds	$ 8,194,103	$ -	$ 8,194,103
Fixed income funds	4,517,444	-	4,517,444
Money market funds	747	-	747
Total marketable securities	12,712,294	-	12,712,294
Beneficial interests in perpetual trusts	-	3,502,815	3,502,815
Total	$ 12,712,294	$ 3,502,815	$ 16,215,109

The table below sets forth a summary of changes in the fair value of the Organization's Level 3 assets, which consist of beneficial interests in perpetual trusts, for the years ended September 30:

	2023	2022
Balance, beginning of year	$ 3,502,815	$ 4,528,120
Net realized and unrealized gain (loss)	189,435	(1,025,305)
Balance, end of year	$ 3,692,250	$ 3,502,815

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	2023	2022
Buildings	$ 17,670,691	$ 8,017,151
Land	5,018,806	6,844,959
Furniture and equipment	1,742,965	2,156,469
Construction in progress	28,700	16,714,985
Information technology	1,145,804	944,453
Automotive equipment	602,439	527,044
Leasehold improvements	709,806	886,021
Land improvements	-	140,515
Total	26,919,211	36,231,597
Less accumulated depreciation	(2,535,759)	(4,995,457)
Property and equipment, net	$ 24,383,452	$ 31,236,140

During the year ended September 30, 2023, the Organization sold the land and building located on Mansell Road in Alpharetta, Georgia ("Mansell"), which resulted in a gain on sale of property and equipment of approximately $1.1 million.

Subsequent to September 30, 2023, the Organization entered into a lease agreement for a temporary location to replace the Mansell campus in order to continue serving communities in North Georgia until a fixed location is identified.

6. RIGHT-OF-USE ASSETS AND OPERATING LEASE OBLIGATIONS

The Organization has two non-cancelable leases for a veterinary center and a warehouse. The veterinary center lease is an 87-month lease with annual rent escalation of approximately four percent, and three months of rent abatement at inception. The warehouse lease is a 62-month lease with annual rent escalation of approximately three percent, and two months of rent abatement at inception. The veterinary center and warehouse leases expire in November 2028 and January 2027, respectively. Right-of-use assets ("ROU assets") and operating lease obligations were recorded at the present value of future payments using an incremental annual borrowing rate of 1.32%. The ROU assets are amortized over the life of the leases and is considered rent expense. Rent expense also includes additional amounts to cover related operating expenses and storage space.

Total rent expense under the lease agreements was $157,082 and $210,828 for the years ended September 30, 2023 and 2022, respectively. ROU assets at September 30, 2023 and 2022 were $495,375 and $605,684, respectively. Operating lease obligations at September 30, 2023 and 2022 were $524,171 and $630,873, respectively.

Future minimum rental payments for the Organization are as follows at September 30:

Year	Amount	Discount	Lease Obligation
2024	$ 118,476	$ (6,296)	$ 112,180
2025	122,639	(4,764)	117,875
2026	126,952	(3,156)	123,796
2027	89,073	(1,633)	87,440
2028	71,258	(669)	70,589
Thereafter	12,310	(19)	12,291
Total	$ 540,708	$ (16,537)	$ 524,171

7. LINE OF CREDIT

The Organization has a $5 million line of credit with a bank. The line of credit, which is collateralized by a portion of the Organization's marketable securities, matures on September 25, 2024. Interest accrues on the outstanding balance at the one-month LIBOR plus 1.10% per annum, which was 6.42% and 4.9% at September 30, 2023 and 2022, respectively. There was no balance due on this line of credit at September 30, 2023. The outstanding balance at September 30, 2022 was $2,500,000.

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8. NET ASSETS

Net assets were released from restrictions as follows for the years ended September 30:

	2023	2022
Accessible veterinarian care	$ 103,899	$ 238,627
Animal welfare	94,364	100,000
Capital campaign	11,091,268	-
Mansell Adoption Center	172,223	-
Medical supplies	45,000	34,000
Statewide shelter support	255,148	454,430
Total net assets released from restrictions	$ 11,761,902	$ 827,057

Net assets with donor restrictions are restricted for the following purposes or periods as follows at September 30:

	2023	2022
Subject to expenditure for specified purpose:		
Accessible veterinarian care	$ 186,465	$ 200,587
Capital campaign	-	11,091,268
Animal welfare	47,377	94,364
Cruelty and dog fighting investigation	87,676	87,676
Medical supplies	-	45,000
Pets in crisis support	1,000,000	-
Statewide shelter support	635,232	870,570
	1,956,750	12,389,465
Undistributed endowment earnings, subject to appropriation:		
For use without restriction	386,265	274,241
Veterinary care for unowned animals	224,043	165,532
Veterinarian extern	76,223	60,222
	686,531	499,995
Subject to endowment spending policy and appropriation:		
Beneficial interests in perpetual trusts	3,692,250	3,502,815
Endowment for Mansell Adoption Center	1,500,000	1,500,000
Endowment for veterinary care for unowned animals	242,498	242,498
Endowment for veterinarian extern	51,356	51,356
Endowment without restrictions on income	281,578	281,578
	5,767,682	5,578,247
	$ 8,410,963	$ 18,467,707

9. GOVERNMENT GRANTS

The Organization qualified for $1,576,362 of Employer Retention Credit to offset certain payroll taxes for qualifying wages paid as provided for in the Coronavirus Aid, Relief, and Economic Security Act. The Organization had credits receivable of $626,364 and $1,484,855 at September 30, 2023 and 2022, respectively, which are included in other current assets on the Consolidated Statements of Financial Position.

10. IN-KIND CONTRIBUTIONS

In-kind contributions consisted of the following for the years ended September 30:

	2023	2022
Prescription and regular food supplies	$ 1,480,379	$ 1,148,390
Medical supplies	32,252	162,752
Online advertising services	88,443	75,871
Other miscellaneous items	150,479	71,730
Total in-kind contributions	$ 1,751,553	$ 1,458,743

The Organization's in-kind contributions were valued using estimated average prices of identical or similar services or products using pricing data of similar services or products under a "like-kind" methodology, considering the utility of the services and goods at the time of the contribution. No in-kind contributions were restricted. The Organization does not sell donated gifts-in-kind and only uses the goods and services for its own program or supporting service activities.

11. EMPLOYEE BENEFIT PLANS

The Organization sponsors a 401(k) plan for the benefit of its employees. The Organization matches 100% of employee contributions up to six percent of the employee's salary. Employer contributions to the plan totaled $224,603 and $129,517 for the years ended September 30, 2023 and 2022, respectively.

The Organization sponsors a deferred compensation plan under Section 457(b) of the Internal Revenue Code ("IRC") to provide certain key employees with supplemental retirement benefits. Under the plan, key employees may elect to defer a portion of their compensation not to exceed the amount allowed by the IRC. The deferred contributions are deposited into an account that is owned by the Organization until the assets are distributed to the employee in accordance with the plan document. The Organization formerly sponsored a deferred compensation plan under IRC Section 457(f) that was frozen effective December 31, 2017.

At September 30, 2023 and 2022, the Organization's liability under the 457(b) and 457(f) plans totaled $293,454 and $215,531, respectively. The amounts are included in other current assets and accounts payable and accrued expenses on the accompanying Consolidated Statements of Financial Position.

12. ENDOWMENT

At September 30, 2023 and 2022, the Organization's endowment consisted of four donor-restricted funds. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions. The Board of Directors of the Society has interpreted the Georgia Uniform Prudent Management of Institutional Funds Act of 2006 ("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 Organization classifies the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment and accumulations to 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 as permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified as perpetual in nature is restricted until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. The Board of Directors will appropriate funds from the endowment funds based on specific needs and budgeting requirements from year to year. UPMIFA does not apply to beneficial interests in perpetual trusts.

In accordance with UPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund;
(2) The purposes of the Society 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 resources of the Organization; and,
(7) The investment policies of the Society.

The Organization has adopted investment and spending policies that provide support to operating and capital funding while not eroding the value of endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that meet or exceed common benchmarks for a balanced portfolio, while assuming a moderate level of risk.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments) due to fluctuation of investments. At September 30, 2023, endowment funds with original gift values of $2,075,432, fair values of $2,011,610, and deficiencies of $63,822 were reported in net assets with donor restrictions. At September 30, 2022, endowment funds with original gift values of $2,075,432, fair values of $1,985,238, and deficiencies of $90,194 were reported in net assets with donor restrictions.

The composition of and changes in endowment net assets are as follows:

	Available for Expenditure	Perpetual in Nature	Total
Balance at September 30, 2022	$ 499,995	$ 2,075,432	$ 2,575,427
Investment return:			
Investment income, net	130,695	-	130,695
Net realized and unrealized gain	228,065	-	228,065
Appropriated for expenditure	(172,224)	-	(172,224)
Balance at September 30, 2023	$ 686,531	$ 2,075,432	$ 2,761,963

	Available for Expenditure	Perpetual in Nature	Total
Balance at September 30, 2021	$ 1,092,484	$ 2,075,432	$ 3,167,916
Investment return:			
Investment income, net	140,758	-	140,758
Net realized and unrealized gain	(733,247)	-	(733,247)
Balance at September 30, 2022	$ 499,995	$ 2,075,432	$ 2,575,427

13. SUPPLEMENTAL CASH FLOW DISCLOSURE

Interest of $69,794 and $16,959 was paid during the years ended September 30, 2023 and 2022.