

**ROBERT POTTER LEAGUE FOR ANIMALS,
INC.**

Financial Statements

Year Ended July 31, 2024

(With Independent Auditors' Report Thereon)

ROBERT POTTER LEAGUE FOR ANIMALS, INC.
FINANCIAL STATEMENTS
Year Ended July 31, 2024

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Statement of Financial Position (With Comparative Totals at July 31, 2023)	3
Statement of Activities (With Comparative Totals for the Year Ended July 31, 2023)	4
Statement of Functional Expenses (With Comparative Totals for the Year Ended July 31, 2023)	5
Statement of Cash Flows (With Comparative Totals for the Year Ended July 31, 2023)	6
Notes to the Financial Statements	7

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Robert Potter League for Animals, Inc.:

Opinion

We have audited the accompanying financial statements of Robert Potter League for Animals, Inc. (a not-for-profit organization) (the League), which comprise the statement of financial position as of July 31, 2024, 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 Robert Potter League for Animals, Inc. as of July 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the League 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 the League's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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 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.

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 the League'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 League'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 the League's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 19, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kahn, Litwin, Renga & Co, Ltd.

February 18, 2025

ROBERT POTTER LEAGUE FOR ANIMALS, INC.
STATEMENT OF FINANCIAL POSITION
July 31, 2024
(With Comparative Totals at July 31, 2023)



	2024	2023
Assets		
Cash and cash equivalents	\$ 316,986	\$ 1,046,054
Service receivables	12,500	20,710
Unconditional promises to give	88,500	-
Prepaid expenses and other assets	42,530	37,525
Right-of-use asset, net	109,345	168,393
Property and equipment, net	4,539,236	4,706,744
Investments	8,390,820	7,405,191
Total Assets	\$ 13,499,917	\$ 13,384,617
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 94,554	\$ 56,234
Accrued expenses	183,038	179,781
Operating lease payable	110,961	169,686
Mortgage payable	137,813	142,208
Total liabilities	526,366	547,909
Net Assets:		
Without donor restrictions:		
General	48,294	452,286
Investment in property and equipment, net	4,401,423	4,564,536
Board designated - operating reserve	1,886,010	1,771,900
Board designated - building reserve	101,151	252,281
Board designated - long-term investment reserve	4,418,145	3,756,609
Total net assets without donor restrictions	10,855,023	10,797,612
With donor restrictions	2,118,528	2,039,096
Total net assets	12,973,551	12,836,708
Total Liabilities and Net Assets	\$ 13,499,917	\$ 13,384,617

ROBERT POTTER LEAGUE FOR ANIMALS, INC.
STATEMENT OF ACTIVITIES
Year Ended July 31, 2024
(With Comparative Totals for the Year Ended July 31, 2023)



	2024			2023	
	Without Donor Restrictions	With Donor Restrictions	Total		Total
Changes in Operating Net Assets:					
Operating revenue and support:					
Contributions and grants	\$ 1,506,431	\$ 400,500	\$ 1,906,931	\$ 1,768,603	
Contributed nonfinancial assets	36,920	-	36,920	17,200	
Events, net of direct expenses of \$230,146 (Note 2)	443,224	-	443,224	345,988	
Shelter services	469,862	-	469,862	523,286	
Service contract fees	226,954	-	226,954	204,260	
Spay and neuter services	902,160	-	902,160	837,201	
Clinic services	468,403	-	468,403	575,154	
Sale of pet supplies, net	17,145	-	17,145	16,654	
Appropriation of endowment and Board designated investment earnings	358,500	-	358,500	238,094	
Net assets released from restrictions	385,854	(385,854)	-	-	
Total operating revenue and support	4,815,453	14,646	4,830,099	4,526,440	
Program expenses:					
Shelter services	1,860,711	-	1,860,711	1,685,754	
Education and training services	497,448	-	497,448	499,373	
Spay and neuter services	1,080,783	-	1,080,783	880,121	
Clinic services	1,034,367	-	1,034,367	1,045,444	
Total program expenses	4,473,309	-	4,473,309	4,110,692	
Supporting services:					
Fundraising	524,129	-	524,129	495,994	
Management and general	273,934	-	273,934	418,363	
Total supporting services	798,063	-	798,063	914,357	
Total operating expenses	5,271,372	-	5,271,372	5,025,049	
Change in net assets from operations	(455,919)	14,646	(441,273)	(498,609)	
Changes in Non-operating Net Assets:					
Non-operating revenue and support:					
Contributions and grants	8,484	-	8,484	978,377	
Investment return	769,546	158,586	928,132	516,431	
Appropriation of endowment and Board designated investment earnings	(264,700)	(93,800)	(358,500)	(238,094)	
Total non-operating revenue and support	513,330	64,786	578,116	1,256,714	
Change in Net Assets	57,411	79,432	136,843	758,105	
Net Assets, beginning of year	10,797,612	2,039,096	12,836,708	12,078,603	
Net Assets, end of year	\$ 10,855,023	\$ 2,118,528	\$ 12,973,551	\$ 12,836,708	

ROBERT POTTER LEAGUE FOR ANIMALS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended July 31, 2024
(With Comparative Totals for the Year Ended July 31, 2023)



	2024								2023	
	Program Expenses				Supporting Services				Total Expenses	Total Expenses
	Shelter Services	Training Services	Spay and Neuter Services	Clinic Services	Total Program Expenses	Fundraising	Management and General	Total Supporting Services		
Salaries and wages	\$ 903,961	\$ 186,414	\$ 579,308	\$ 619,340	\$ 2,289,023	\$ 267,725	\$ 93,349	\$ 361,074	\$ 2,650,097	\$ 2,484,054
Employee benefits	70,975	22,225	41,533	38,583	173,316	20,686	10,414	31,100	204,416	171,230
Payroll taxes	85,410	10,567	45,823	62,110	203,910	21,755	7,996	29,751	233,661	227,365
Professional fees	36,792	6,393	15,979	14,202	73,366	11,226	10,042	21,268	94,634	46,006
Program supplies	19,702	25,559	195,560	149,843	390,664	13,045	18,148	31,193	421,857	516,691
Veterinary fees and supplies	193,901	-	-	-	193,901	-	-	-	193,901	159,054
Occupancy costs	77,698	5,583	35,096	81,390	199,767	8,319	4,889	13,208	212,975	200,010
Printing and publications	6,288	34,505	637	-	41,430	142,131	2,992	145,123	186,553	159,998
Interest expense	-	-	-	-	-	-	6,362	6,362	6,362	5,960
Fees and other miscellaneous expenses	6,636	14,095	27,059	16,541	64,331	5,051	2,398	7,449	71,780	52,627
Advertising	4,232	70,820	1,413	5,253	81,718	-	4,066	4,066	85,784	36,284
Insurance	44,088	3,025	11,330	579	59,022	8,275	17,964	26,239	85,261	75,967
Food costs	23,518	-	-	-	23,518	-	-	-	23,518	24,649
Repairs and maintenance	59,798	6,823	27,604	22,343	116,568	-	2,211	2,211	118,779	161,897
Computer expenses	28,054	24,092	-	-	52,146	20,185	16,742	36,927	89,073	75,356
Training and strategic planning	5,996	1,113	4,913	9,264	21,286	1,191	3,141	4,332	25,618	162,357
Shelter expenses	34,131	2,975	-	-	37,106	-	-	-	37,106	36,968
Contracted labor	-	25,212	71,278	-	96,490	-	28,057	28,057	124,547	52,878
Telephone	5,495	916	6,697	7,621	20,729	1,145	77	1,222	21,951	19,426
Transport fees and travel expenses	37,256	1,043	207	-	38,506	238	3,507	3,745	42,251	23,771
Bad debt expense	-	-	-	-	-	-	-	-	-	350
Total expenses before depreciation	1,643,931	441,360	1,064,437	1,027,069	4,176,797	520,972	232,355	753,327	4,930,124	4,692,898
Depreciation	216,780	56,088	16,346	7,298	296,512	3,157	41,579	44,736	341,248	332,151
Total operating expenses	<u>\$ 1,860,711</u>	<u>\$ 497,448</u>	<u>\$ 1,080,783</u>	<u>\$ 1,034,367</u>	<u>\$ 4,473,309</u>	<u>\$ 524,129</u>	<u>\$ 273,934</u>	<u>\$ 798,063</u>	<u>\$ 5,271,372</u>	<u>\$ 5,025,049</u>

ROBERT POTTER LEAGUE FOR ANIMALS, INC.
STATEMENT OF CASH FLOWS
Year Ended July 31, 2024
(With Comparative Totals for the Year Ended July 31, 2023)



	2024	2023
Cash Flows from Operating Activities:		
Change in net assets	\$ 136,843	\$ 758,105
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Amortization of right-of-use asset	59,048	56,722
Depreciation	341,248	332,151
Bad debt expense	-	350
Net realized and unrealized gains on investments	(732,385)	(371,624)
Contributions restricted for property and equipment	-	(36,460)
Changes in operating assets and liabilities:		
Service receivables	8,210	149,331
Unconditional promises to give	(88,500)	45,615
Prepaid expenses and other assets	(5,005)	2,000
Accounts payable	38,320	(58,651)
Accrued expenses	3,257	44,488
Operating lease payable	(58,725)	(55,429)
Net cash provided (used) by operating activities	(297,689)	866,598
Cash Flows from Investing Activities:		
Purchases of property and equipment	(173,740)	(27,142)
Purchases of investments	(504,503)	(938,109)
Proceeds from sale of investments	251,259	140,786
Net cash used by investing activities	(426,984)	(824,465)
Cash Flows from Financing Activities:		
Contributions restricted for property and equipment	-	36,460
Principal repayments on mortgage payable	(4,395)	(3,644)
Net cash provided (used) by financing activities	(4,395)	32,816
Net Increase (Decrease) in Cash and Cash Equivalents	(729,068)	74,949
Cash and Cash Equivalents, beginning of year	1,046,054	971,105
Cash and Cash Equivalents, end of year	\$ 316,986	\$ 1,046,054
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$ 6,362	\$ 5,960

ROBERT POTTER LEAGUE FOR ANIMALS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended July 31, 2024

KLR

1. Nature of Operations

Robert Potter League for Animals, Inc. (the League), a not-for-profit organization originally founded in 1929, is dedicated to promoting and supporting the human animal bond. The League is Rhode Island's go-to care and resource center where we provide shelter, veterinary care, behavior training, spay and neuter, owner assistance programs, humane education, and the opportunity for thousands of animals to find loving homes each year.

2. Summary of Significant Accounting Policies

This summary of significant accounting policies is presented to assist the reader in understanding the League's financial statements. The financial statements and notes are representations of the League's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

The financial statements of the League have been prepared on the accrual basis of accounting and, in accordance with authoritative guidance, report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. In addition, the Board has designated various amounts within net assets without donor restrictions into reserves in accordance with the guidelines of other not-for-profit watchdog agencies. The following reserves have been established:

Operating Reserve – A reserve equal to approximately 120 days of projected operating expenditures, excluding depreciation, has been designated to provide for operations in the event of an unanticipated interruption or other operating contingency.

Building Reserve – The League has a building reserve fund to provide for major repairs and improvements to the shelter. The Board annually transfers funds to the reserve from operations and will continue to do so as outlined in the 20-year reserve requirement study prepared by the Non-profit Finance Fund.

Long-term Investment Reserve – The Board has set aside certain non-operating net assets without donor restrictions for long-term purposes. Those funds have been invested to provide for the long-term growth of the League.

ROBERT POTTER LEAGUE FOR ANIMALS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended July 31, 2024



Net Assets with Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction is satisfied, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Performance Indicator

In the accompanying statement of activities, the primary indicator of the League's results is "change in net assets from operations," which includes revenue and support and expenses related to the ongoing operations of the League. Transactions such as contributions with donor restrictions and grants related to real property, investment return, and appropriation of endowment and Board designated investment earnings are included as a component of non-operating revenue and support in the statement of activities.

Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total, without accompanying note disclosures and certain functional expense information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the League's financial statements and related notes to the financial statements for the year ended July 31, 2023, from which the summarized information was derived.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits with financial institutions, and all liquid debt instruments purchased with an original maturity of three months or less that have not been restricted by the donor or designated by the Board for long-term purposes.

Service Receivables

Service receivables are stated at the amount management expects to collect from outstanding balances. Management provides for expected credit losses through a charge to earnings and a credit to valuation allowance based on historical experience, current conditions, and reasonable and supportable forecasts.

A receivable is considered past due if payment has not been received within stated terms. Once all practical resources to collect the receivable have been utilized without success, the receivable is deemed uncollectible and charged against the allowance for credit losses. As of July 31, 2024, no allowance for credit losses was reported as the Organization determined it to be nominal in amount. The Organization does not accrue interest on past due or long-term receivables.

ROBERT POTTER LEAGUE FOR ANIMALS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended July 31, 2024



Unconditional Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are discounted and recorded at the net present value of the estimated future cash flows, when the discount is material. Conditional promises to give are not included in support until such time as the conditions are substantially met.

The League uses the allowance method to reflect uncollectible promises to give. The allowance is based on prior years' collection experience and management's analysis of the specific promises to give at the end of the year. At year end, management has deemed that an allowance is not necessary.

Right-of-use Asset and Lease Payable

The League leases its office building for the Pets in Need Clinic. The League determines if an arrangement is a lease at inception. The operating lease is included in right-of-use (ROU) asset and operating lease payable on the accompanying statement of financial position.

ROU assets represent the League's right to use an underlying asset for the lease term and lease liabilities represent the League's obligation to make lease payments arising from the lease. Operating lease ROU asset and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. If a lease does not provide an implicit rate, the League uses the incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The League's lease terms include options to extend or terminate the lease when it is reasonably certain the League will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The League's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the League considers factors such as if the League has obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgement.

Property and Equipment

Property and equipment are stated at cost or, if donated, at the fair value at the date of the gift. Renewals and betterments over \$5,000 that materially extend the lives of the assets are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets, which range from 3 to 30 years.

ROBERT POTTER LEAGUE FOR ANIMALS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended July 31, 2024



Investments and Fair Value Measurements

Authoritative guidance defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

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

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the League has the ability to access.

Level 2 inputs (other than quoted prices included within level 1) are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable for the asset or liability and rely on management's own judgment about the assumptions that market participants would use in pricing the asset or liability. The unobservable inputs are developed based on the best information available in the circumstances and may include the League's own data.

The League reports investments at fair value on a recurring basis using the following valuation techniques:

Level 1 investments owned by the League and listed on a National Securities Exchange are valued at the last recorded sales price as of the financial statement reporting date or, in the absence of recorded sales, at the last quoted bid price reported as of the financial statement reporting date.

Level 2 investment values are determined by obtaining non-binding market prices from the League's third-party portfolio managers as of the financial statement reporting date. These investments are less actively traded in the market, but quoted market prices exist for similar instruments that are actively traded.

Revenue Recognition

The League recognizes contributions and grants during the fiscal year in which the contribution or grant is received or when the unconditional promise to give is made. Contributions and grants are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. The League recognizes revenue from events when the event takes place.

ROBERT POTTER LEAGUE FOR ANIMALS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended July 31, 2024



Service contract fees, shelter, spay and neuter, and clinic service fees are measured based on the consideration specified in the contract with the customer. The League recognizes shelter services, spay and neuter services and clinic services when services to clients have been rendered and/or contractual obligations have been met. Payment is due at the time of service. The League recognizes revenue from service contract fees, derived principally from animal control-related services provided to surrounding towns, over time as it satisfies its performance obligation by rendering services. Payments for contract service fees are collected in quarterly installments. The League recognizes sales of pet supplies when the sale takes place.

Contributed Nonfinancial Assets

The League records the value of non-cash contributions from various businesses and individuals to support its program mission at fair value at the date of the donation. Contributions of non-cash assets are recorded at their fair values in the period received. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills and are performed by people with those skills, such as veterinary services, and would otherwise be purchased by the League.

The fair value of these contributed goods and services is included in contributed nonfinancial assets in the statement of activities, except for those amounts benefiting fundraising events of the League, which are included in events, net in the statement of activities. For the year ended July 31, 2024, the value of contributed goods and services was approximately \$104,700, of which approximately \$67,700 benefited events, which includes contributed food, gift cards, cleaning, pet and veterinary supplies and veterinary services. Such contributed goods and services are included at their estimated fair value, based on the values determined by the donor or the League on the date of donation.

Income Taxes

The League is exempt from income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code. Management believes that the League operates in a manner consistent with its tax-exempt status at both the state and federal levels.

The League annually files IRS Form 990 – *Return of Organization Exempt From Income Tax*, reporting various information that the IRS uses to monitor the activities of tax-exempt entities. These tax returns are subject to review by the taxing authorities, generally for a period of three years after they were filed. The League currently has no tax examinations in progress.

Allocation of Expenses

The 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 compensation and benefits, which are allocated on a basis of estimates of time and effort, as well as depreciation and occupancy, which are allocated on a square footage basis.

ROBERT POTTER LEAGUE FOR ANIMALS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended July 31, 2024



Occupancy Expenses

The League's animal shelter is located on land owned by the State of Rhode Island. The League leases the land from the State of Rhode Island for one dollar per year under a lease agreement, which expires December 31, 2053. The fair value of this lease cannot be determined at this time and is not included in the League's statement of activities.

Advertising Costs

The League expenses advertising costs as they are incurred. Such advertising consists primarily of media advertisements promoting animals available for adoption and any of the League's special events. For the year ended July 31, 2024, advertising expense was approximately \$85,800.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Accordingly, actual results could differ from those estimates.

Subsequent Events

Management of the League has evaluated subsequent events through February 18, 2025, which is the date these financial statements were available to be issued.

ROBERT POTTER LEAGUE FOR ANIMALS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended July 31, 2024



3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the statement of financial position date, comprise the following at July 31, 2024:

Financial assets:

Cash and cash equivalents	\$ 316,986
Service receivables	12,500
Unconditional promises to give	88,500
Investments	<u>8,390,820</u>
Financial assets at July 31, 2024	<u>8,808,806</u>

Less those unavailable for general expenditure within one year, due to:

Total endowment funds	1,973,303
Time and purpose restrictions	145,225
Board designated funds for operating reserve	1,886,010
Board designated funds for building reserve	101,151
Board designated funds for long-term investment reserve	<u>4,418,145</u>
	<u>8,623,834</u>

Financial assets available to meet general expenditure needs
within one year

\$ 184,972

The League has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the League has an operating reserve equal to approximately 120 days of projected operating expenditures, excluding depreciation, for operations in an event of an operating contingency. In addition, the League has board designated investments held for long-term purposes of \$4,418,145, of which up to 5% can be made available annually for operations and programs.

4. Right-of-Use Asset and Operating Lease Payable

The League leases its office building for the Pets in Need Clinic under a non-cancelable operating lease, which expires April 30, 2026, with two options to extend an additional five years.

ROBERT POTTER LEAGUE FOR ANIMALS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended July 31, 2024



The related cost of the right-of-use asset and accumulated amortization as of July 31, 2024 are as follows:

Right-of-use asset – operating lease	
Facilities	\$ 225,115
Less: accumulated amortization	<u>115,770</u>
Right-of-use asset – operating lease, net	<u>\$ 109,345</u>

Operating lease cost for the year ended July 31, 2024 totaled \$64,667.

Other information related to the lease for the year ended July 31, 2024 is as follows:

Supplemental Cash Flows Information:

Operating cash flows from operating lease	\$ 64,343
Remaining Lease Term	1.75 years
Discount Rate	4.08%

Future minimum lease payments due on the League's operating lease agreement is as follows as of July 31, 2024:

<u>Year Ending</u>	
July 31, 2025	\$ 65,313
July 31, 2026	<u>49,470</u>
	114,783
Less present value	<u>3,822</u>
Operating lease payable	<u>\$ 110,961</u>

5. Property and Equipment

Property and equipment consisted of the following:

Building and building improvements	\$ 9,143,492
Office equipment and software	298,781
Vehicles	<u>92,756</u>
	9,535,029
Less accumulated depreciation	<u>4,995,793</u>
Property and equipment, net	<u>\$ 4,539,236</u>

During the year ended July 31, 2024, the Organization disposed of fully depreciated software with an original cost of \$18,000.

ROBERT POTTER LEAGUE FOR ANIMALS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended July 31, 2024



6. Investments

The League's investments measured at fair value on a recurring basis consist of the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash	<u>\$ 54,763</u>	<u>\$ -</u>	<u>\$ 54,763</u>
Mutual Funds:			
Large value	<u>7,327,673</u>	<u>-</u>	<u>7,327,673</u>
Exchange Traded Funds:			
Mid-cap blend	<u>551,579</u>	<u>-</u>	<u>551,579</u>
Large value	<u>287,119</u>	<u>-</u>	<u>287,119</u>
Other exchange traded funds	<u>55,081</u>	<u>-</u>	<u>55,081</u>
	<u>893,779</u>	<u>-</u>	<u>893,779</u>
Bonds:			
Government bonds	<u>-</u>	<u>114,605</u>	<u>114,605</u>
Total investments	<u>\$ 8,276,215</u>	<u>\$ 114,605</u>	<u>\$ 8,390,820</u>

The composition of net investment return is as follows:

Interest and dividends	\$ 197,413
Net realized and unrealized gains	732,385
Investment fees	(1,666)
Net investment return	<u>\$ 928,132</u>

7. Mortgage Payable

The League executed a mortgage note, dated March 25, 2020, for a total of \$154,500 to purchase the office building for the Spay and Neuter Clinic. The note was provided by a local bank and is secured by the building located at 235 Elm Street, Warwick, Rhode Island. The note requires monthly payments of \$827, including interest at the five-year Federal Home Loan Bank of Boston (FHLBB) Classic Advance Rate plus 3.00% (4.08% for the initial 5-year term through March 2025). Thereafter, every fifth year, the interest rate will be reset at the then 5-year FHLBB Classic Advance Rate plus 3.00%. The note is set to mature in March 2045. For the year ended July 31, 2024, \$6,362 of interest expense was incurred and paid.

ROBERT POTTER LEAGUE FOR ANIMALS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended July 31, 2024



Maturities of the mortgage payable are as follows:

Year Ending

July 31, 2025	\$ 4,408
July 31, 2026	4,591
July 31, 2027	4,782
July 31, 2028	4,981
July 31, 2029	5,188
Thereafter	<u>113,863</u>
 Total	 <u>\$ 137,813</u>

8. Net Assets with Donor Restrictions

A summary of net assets with donor restrictions is as follows:

Subject to time restrictions, for general operations	\$ 88,500
Subject to expenditure for specified purpose:	
Animal care	45,719
TLC (Training, Leadership, Coaching) Fund	1,209
Wellness clinics	6,187
Capital expenditures	3,610
Appreciation on donor-restricted endowment funds (Note 9)	<u>462,983</u>
	<u>608,208</u>
Subject to restriction in perpetuity (Note 9)	<u>1,510,320</u>
Total net assets with donor restrictions	<u>\$ 2,118,528</u>

9. Endowment Funds

The League's endowment consists of various donor-restricted funds established to prevent inhumane treatment towards animals, provide care and shelter for lost or unwanted animals and provide education to the public. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are reported in the financial statements based on the existence or absence of donor-imposed restrictions.

ROBERT POTTER LEAGUE FOR ANIMALS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended July 31, 2024



Interpretation of Relevant Law - The Rhode Island Uniform Prudent Management of Institutional Funds Act (RI UPMIFA) requires the preservation of the fair value of the original gift as of the gift date of the donor-imposed endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the League classifies as net assets with donor restrictions (a) the original value of the gift donated to the fund, (b) the original value of subsequent gifts to the fund, and (c) accumulations to the fund made in accordance with the direction of the applicable donor gift instrument at the time 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 in perpetuity is classified as net assets with donor restrictions subject to the spending policy and appropriation until those amounts are appropriated for expenditure by the League in a manner consistent with the standard of prudence prescribed by RI UPMIFA.

Endowment net asset composition by type of fund at year end is as follows:

	<u>Unappropriated Earnings</u>	<u>In Perpetuity</u>	<u>Total</u>
Animal care, food and sheltering	\$ 54,661	\$ 178,312	\$ 232,973
General purposes	<u>408,322</u>	<u>1,332,008</u>	<u>1,740,330</u>
Total endowment funds	<u>\$ 462,983</u>	<u>\$ 1,510,320</u>	<u>\$ 1,973,303</u>

Changes in endowment net assets for the year ended July 31, 2024 are as follows:

	<u>Unappropriated gains and other</u>	<u>In Perpetuity</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 398,197	\$ 1,510,320	\$ 1,908,517
Investment return:			
Interest and dividends, net	45,260	-	45,260
Net realized and unrealized gains	<u>113,326</u>	<u>-</u>	<u>113,326</u>
Total investment return	<u>158,586</u>	<u>-</u>	<u>158,586</u>
Appropriations:			
Spending formula allocation	(93,800)	-	(93,800)
Total appropriations	<u>(93,800)</u>	<u>-</u>	<u>(93,800)</u>
Endowment net assets, end of year	<u>\$ 462,983</u>	<u>\$ 1,510,320</u>	<u>\$ 1,973,303</u>

ROBERT POTTER LEAGUE FOR ANIMALS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended July 31, 2024



Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or RI UPMIFA requires the League to retain as a fund of perpetual duration. There were no such deficiencies at July 31, 2024.

Return Objective and Risk Parameters - The League has adopted investment and spending policies 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. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index, while assuming a moderate level of investment risk. The League expects its endowment funds, over time, to provide an average rate of return of at least 5% annually. Actual results in any given year may vary from this amount.

Spending Policy - The League has a policy of appropriating for expenditure each year up to 5% of its endowment fund's average fair value over the prior 12 quarters through the calendar year end proceeding the fiscal year in which the expenditure is planned. However, this spending policy is adjusted annually based on current economic and operational needs with approval of the Board. In establishing this policy, the League considers the long-term expected return on its endowment. Accordingly, over the long term, the League expects the current spending policy to allow its endowment to grow at a rate that preserves the purchasing power of the original investment.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate of return objectives, the League 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 League's goal is to have a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

10. Employee Benefit Plans

The League has a SIMPLE IRA plan (IRA) established under Section 408(p) of the Internal Revenue Code. The IRA covers all employees who receive at least \$5,000 in compensation annually. Employees may elect to defer a percentage of their compensation into the IRA. Under the IRA, the League will contribute a matching contribution equal to the employee contribution up to 3% of compensation. The League contributed \$43,583 to the IRA for the year ended July 31, 2024.

ROBERT POTTER LEAGUE FOR ANIMALS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended July 31, 2024

KLR


11. Concentrations of Risk

Financial instruments that potentially subject the League to concentrations of credit risk consist principally of cash and cash equivalents and investments.

The League maintains its cash and cash equivalents balances in four financial institutions. The balance at each institution is insured by the Federal Deposit Insurance Corporation up to \$250,000. From time to time, the League's cash and cash equivalents balances may exceed this limit. Cash and cash equivalents balances in excess of \$250,000 are generally uninsured. At year end, management does not believe significant credit risk exists relative to cash and cash equivalents.

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in values of investment securities could occur in the near term and that such changes could materially affect investment balances and activity included in the financial statements. The League's investments are maintained in a diversified portfolio in an attempt to minimize potential risk associated with marketable securities to the extent possible. At year end, management does not believe that significant credit risk exists relative to the investments.