

**Animal Rescue League of Iowa, Inc.**

**Financial Statements  
With Independent Auditor's Report**

**December 31, 2023**



**PITTMAN & COMPANY, LLP**  
Certified Public Accountants

**Animal Rescue League of Iowa, Inc.**

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### **Independent Auditor's Report**

To the Board of Directors & Management  
Animal Rescue League of Iowa, Inc.

We have audited the accompanying financial statements of Animal Rescue League of Iowa, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

**Independent Auditor's Report (continued)**

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Animal Rescue League of Iowa, Inc. as of December 31, 2023, 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.

*Arthur & Company, LLP*

October 28, 2024

**Animal Rescue League of Iowa, Inc.**  
Statement of Financial Position  
December 31, 2023

Assets	Operating	Foundation	Total 2023
<b>Current Assets</b>			
Cash & cash equivalents	\$ 2,193,934	\$ 333,903	\$ 2,527,837
Investments	215,461	12,653,642	12,869,103
Accounts receivable, net	145,193	-	145,193
Due from ARL	-	800,000	800,000
Promises to give	12,000	-	12,000
Inventory	80,412	-	80,412
Prepaid expenses	364,263	-	364,263
<b>Total Current Assets</b>	<b>3,011,262</b>	<b>13,787,545</b>	<b>16,798,807</b>
<b>Noncurrent Assets</b>			
Construction in progress	41,559	-	41,559
Fixed assets, net	8,069,384	-	8,069,384
<b>Total Noncurrent Assets</b>	<b>8,110,943</b>	<b>-</b>	<b>8,110,943</b>
<b>Total Assets</b>	<b>\$ 11,122,205</b>	<b>\$ 13,787,545</b>	<b>\$ 24,909,750</b>
<b>Liabilities &amp; Net Assets</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 284,224	\$ -	\$ 284,224
Due to Foundation	\$ 800,000	-	\$ 800,000
Accrued expenses	158,999	10,000	168,999
Deferred revenue	24,662	-	24,662
<b>Total Current Liabilities</b>	<b>1,267,885</b>	<b>10,000</b>	<b>1,277,885</b>
<b>Total Liabilities</b>	<b>1,267,885</b>	<b>10,000</b>	<b>1,277,885</b>
<b>Net Assets</b>			
With donor restrictions	351,357	-	351,357
Without donor restrictions:			
Undesignated	9,502,963	-	9,502,963
Board designated	-	13,777,545	13,777,545
<b>Total Net Assets</b>	<b>9,854,320</b>	<b>13,777,545</b>	<b>23,631,865</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>\$ 11,122,205</b>	<b>\$ 13,787,545</b>	<b>\$ 24,909,750</b>

See accompanying notes to the financial statements.

**Animal Rescue League of Iowa, Inc.**  
Statement of Activities  
For the Year Ended December 31, 2023

	With Donor Restrictions		Without Donor Restrictions		Total 2023	
	Operating	Foundation	Operating	Foundation	With Donor Restrictions	Without Donor Restrictions
<b>Revenue &amp; Support</b>						
Contributions of cash & other financial assets:						
Bequests	\$ -	\$ -	\$ 2,612,201	\$ -	\$ -	\$ 2,612,201
Donations	429,159	-	4,185,733	90,934	429,159	4,276,667
Grants	-	-	-	-	-	-
Memorials	-	-	-	-	-	-
Foundation transfers	-	-	-	-	-	-
Contributions of nonfinancial assets:						
Auction items	-	-	113,569	-	-	113,569
Supplies	-	-	-	-	-	-
Revenue:						
Admissions & adoptions	-	-	848,880	-	-	848,880
Animal care	-	-	315,676	-	-	315,676
Contracts	-	-	1,179,101	-	-	1,179,101
Events	-	-	626,655	-	-	626,655
Investment income/(loss), net	-	-	22,350	1,769,654	-	1,792,004
Merchandise sales	-	-	283,503	-	-	283,503
Rent	-	-	48,514	-	-	48,514
Net assets released from restrictions	(375,568)	-	375,568	-	(375,568)	375,568
<b>Total Revenue &amp; Support</b>	<b>53,591</b>	<b>-</b>	<b>10,611,750</b>	<b>1,860,588</b>	<b>53,591</b>	<b>12,472,338</b>
<b>Expenses</b>						
Program services	-	-	7,342,792	-	-	7,342,792
Management & general	-	-	1,144,669	-	-	1,144,669
Fundraising	-	-	1,575,684	-	-	1,575,684
<b>Total Expenses</b>	<b>-</b>	<b>-</b>	<b>10,063,145</b>	<b>-</b>	<b>-</b>	<b>10,063,145</b>
<b>Change in Net Assets</b>	<b>53,591</b>	<b>-</b>	<b>548,605</b>	<b>1,860,588</b>	<b>53,591</b>	<b>2,409,193</b>
Net assets - beginning	297,766	-	8,954,358	11,916,957	297,766	20,871,315
<b>Net Assets - Ending</b>	<b>\$ 351,357</b>	<b>\$ -</b>	<b>\$ 9,502,963</b>	<b>\$ 13,777,545</b>	<b>351,357</b>	<b>23,280,508</b>

See accompanying notes to the financial statements.

**Animal Rescue League of Iowa, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2023**

	2023			
	Program Services	Management & General	Fundraising	Total
<b>Payroll Expenses</b>				
Salaries & wages	\$ 3,446,341	\$ 724,924	\$ 461,143	\$ 4,632,408
Taxes & benefits	610,272	114,710	84,766	809,748
<b>Total Payroll Expenses</b>	<b>4,056,613</b>	<b>839,634</b>	<b>545,909</b>	<b>5,442,156</b>
<b>Other Expenses</b>				
Animal Care	1,029,086	-	-	1,029,086
Shelter supplies	410,816	-	-	410,816
Repairs & maintenance	218,204	-	-	218,204
Other Operating Expenses	116,485	-	-	116,485
Marketing and Fundraising	-	-	661,478	661,478
Fundraising Events, including Auction Goods	-	-	232,440	232,440
Cost of Merchandise Sold	155,673	-	-	155,673
General Insurance	92,349	10,568	-	102,917
Direct Community Outreach Expense	256,431	-	-	256,431
Education, Meetings, Meals, and Travel	8,926	5,696	6,699	21,321
Bank and Processing Fees	-	101,670	-	101,670
Lease Expense	5,524	45,925	-	51,449
Technology, Software, and Provider Costs	160,495	33,473	67,533	261,501
Printing and Postage	3,742	2,331	18,761	24,834
Utilities	284,222	9,660	8,465	302,347
Other Expenses	51,350	39,470	9,097	99,917
Professional Fees	2,504	56,242	25,302	84,048
<b>Total Other Expenses</b>	<b>2,795,807</b>	<b>305,035</b>	<b>1,029,775</b>	<b>4,130,617</b>
<b>Depreciation &amp; amortization</b>	<b>490,372</b>	<b>-</b>	<b>-</b>	<b>490,372</b>
<b>Total Expenses</b>	<b>\$ 7,342,792</b>	<b>\$ 1,144,669</b>	<b>\$ 1,575,684</b>	<b>\$ 10,063,145</b>

See accompanying notes to the financial statements.

**Animal Rescue League of Iowa, Inc.**  
Statement of Cash Flows  
For the Year Ended December 31, 2023

	Operating	Foundation	Total 2023
<b>Cash Flows from Operating Activities</b>			
Change in net assets	\$ 602,196	\$ 1,860,588	\$ 2,462,784
Adjustment to reconcile change in net assets to net cash from operating activities:			
Depreciation	490,372	-	490,372
(Increase)/Decrease in:			
Investments	6,107	(1,099,679)	(1,093,572)
Receivables	37,217	(800,000)	(762,783)
Inventory	(296)	-	(296)
Prepaid expenses	(289,139)	-	(289,139)
Increase/(Decrease) in:			
Payables & accruals	86,690	-	86,690
Deferred revenue	(6,050)	-	(6,050)
Due To Foundation	800,000	-	800,000
Accrued compensation	35,837	-	35,837
Other Liabilities	(120)	-	(120)
<b>Net Cash Provided/(Used) by Operating Activities</b>	<u>1,762,814</u>	<u>(39,091)</u>	<u>1,723,723</u>
<b>Cash Flows from Investing Activities</b>			
Capital expenditures	(215,817)	-	(215,817)
Proceeds from sale of investments	5,603	2,531,409	2,537,012
Purchase of investments	(115,114)	(2,311,420)	(2,426,534)
<b>Net Cash Provided/(Used) by Investing Activities</b>	<u>(325,328)</u>	<u>219,989</u>	<u>(105,339)</u>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	1,437,486	180,898	1,618,384
Cash & cash equivalents - beginning	756,448	153,004	909,452
<b>Cash &amp; Cash Equivalents - Ending</b>	<u>\$ 2,193,934</u>	<u>\$ 333,903</u>	<u>\$ 2,527,837</u>

See accompanying notes to the financial statements.



**Animal Rescue League of Iowa, Inc.**  
Notes to the Financial Statements  
For the Year Ended December 31, 2023

**Note 1. Summary of Significant Accounting Policies**

Nature of the Organization

Animal Rescue League of Iowa, Inc. (the Organization), a nonprofit organization founded in 1926, is dedicated to the welfare of animals, strengthening the human-animal bond, and preventing the overpopulation of pets. The Organization serves people and pets across the state of Iowa. Programs include pet adoption, TheraPets, pet behavior training, spay/neuter, and animal cruelty intervention.

The Organization, which is the largest nonprofit animal shelter in Iowa, operates four adoption centers and two animal shelters in the Greater Des Moines area. The Organization operates the City of Des Moines animal shelter on a contractual basis.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with the accounting principles appropriate for not-for-profit entities. The accrual basis of accounting is used by the Organization. Under this method, revenue is recognized in the period earned and expenses are recognized in the period incurred.

Financial statement presentation follows the guidelines set forth by the Financial Accounting Standards Board (FASB) in *Not-for-Profit Entities – Presentation of Financial Statements*. As part of the FASB guidelines, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

- With donor restrictions – assets that are required to be used in a later period or after a specified date (time restrictions), or that are required to be used for a specific purpose (purpose restriction), or both.
- Without donor restrictions – assets without any donor-imposed restrictions; although, a portion of these assets may have self-imposed limits (board-designated net assets).

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains their cash and cash equivalents in commercial banks that, at times, may exceed federally insured limits. However, the Organization's cash accounts have been placed with high credit quality financial institutions, and they have not experienced, nor do they anticipate, any losses with respect to such accounts. The uninsured cash balance totaled \$2,037,146 at year-end.

Investments

The Organization reports investments at fair value as determined by quoted or published market prices. The fair value is determined as more fully described in Note 3. Investment policy, as approved by the Board of Directors, permits investments in debt and equity securities. Investment income consists of interest, dividends, and net realized and unrealized gains or losses. Details of investment activity and income is presented in Note 4.

**Animal Rescue League of Iowa, Inc.**  
Notes to the Financial Statements  
For the Year Ended December 31, 2023

**Note 1. Summary of Significant Accounting Policies (continued)**

Receivables

Receivables are categorized as follows at year-end:

- Accounts receivable
  - Accounts receivable are recorded at the amount the Organization expects to collect on balances outstanding at year-end. Management believes that receivables are fully collectible; therefore, an allowance for uncollectible accounts has not been recorded.
- Promises to give
  - Contributions are recognized when the donor makes a promise to the Organization that is, in substance, unconditional. The organization uses the allowance method to determine uncollectible amounts. Management believes that all promises are fully collectible; therefore, an allowance for uncollectible promises to give has not been recorded.

Inventory

Inventory consists of animal supplies and merchandise purchased for resale in the gift shop and is recorded at the lower of cost or net realizable value using the first in, first out (FIFO) method.

Fixed Assets

Property and equipment determined to be a capital asset is valued at cost and depreciated using the straight-line method over the estimated useful life. An asset is considered for capitalization if it has a value greater than \$2,500 and has an expected useful life greater than one year. Property and equipment contributed to the Organization is recorded at the fair market value on the date of the contribution. Property and equipment accounts are categorized in Note 5.

Revenue Recognition

Revenue is categorized as follows at year-end:

- Contributions of cash & other financial assets
  - Consists of cash contributions, grants, and transfers from Foundation. Unconditional contributions are recognized at fair value when received or pledged. Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence or nature of any donor restrictions. When a donor 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.
- Contributions of nonfinancial assets
  - Consists of donated items and products to be auctioned off as part of the annual auction event, as well as various animal supplies and food. The Organization recognizes and records contributions of donated non-cash assets at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills are provided by individuals possessing these skills and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received. Donated services received during the year consisted of professional fees for accounting services utilized as part of general operations and were valued based on current rates for similar services.

**Animal Rescue League of Iowa, Inc.**  
Notes to the Financial Statements  
For the Year Ended December 31, 2023

**Note 1. Summary of Significant Accounting Policies (continued)**

Revenue Recognition (continued)

- Revenue
  - Consists primarily of animal adoption and care, contract income, events, investment income, and merchandise sales. The Organization recognizes revenue from exchange transactions when the earnings process is complete and goods have been delivered or services performed. Contract income is recognized based on the terms of the agreement with the city of Des Moines.

Advertising

Advertising is expensed in the period incurred. Advertising amounted to \$652,348 as of December 31, 2023.

Allocation of Functional Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain costs are attributed to more than one program or supporting function and, therefore, require allocation among the programs and supporting services benefited. Management believes their allocations are done on a reasonable and consistent basis. Most personnel costs, office expenses, professional services, and other expenses are identified with a specific program or supporting function at the time they are incurred and are reported accordingly. However, some of these expenses require allocation, which is done on the basis of estimates of time and effort.

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code except to the extent of taxes on unrelated business income. As required by the FASB *Income Taxes* topic, the Organization has evaluated their material tax positions and determined no income tax affects with respect to the financial statements. The Organization is no longer subject to U.S. Federal or State tax examinations by tax authorities for years prior to 2019. There has been no notice of any impending examinations by tax authorities, and no examinations are in process.

**Animal Rescue League of Iowa, Inc.**  
Notes to the Financial Statements  
For the Year Ended December 31, 2023

**Note 1. Summary of Significant Accounting Policies (continued)**

Newly Adopted Accounting Pronouncements

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The FASB issued this ASU to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Organization adopted this ASU effective July 1, 2020 and there was no impact to net assets or changes in net assets as a result.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The FASB issued this ASU to improve generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The Organization adopted this ASU effective July 1, 2020 and there was no impact to net assets or changes in net assets as a result.

**Animal Rescue League of Iowa, Inc.**  
Notes to the Financial Statements  
For the Year Ended December 31, 2023

**Note 2. Liquidity**

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash & cash equivalents	\$ 2,527,837
Investments	12,869,103
Receivables	945,193
	\$ 16,342,133

Cash and cash equivalents are considered to be investments and other assets that can be converted to cash within three months.

**Note 3. Fair Value Measurements**

The Organization has adopted the provisions of the FASB *Fair Value Measurement* topic, which defines fair value as 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.

Professional standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to level 1 inputs and the lowest priority to level 3 inputs. The three levels of the hierarchy are described as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included within *Level 1* that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

The following table presents financial instruments that are measured at fair value on a recurring basis as of December 31:

	2023			
	Fair Value	Level 1	Level 2	Level 3
Investments	\$ 12,869,103	\$ 12,869,103	\$ -	\$ -

**Animal Rescue League of Iowa, Inc.**  
Notes to the Financial Statements  
For the Year Ended December 31, 2023

**Note 4. Investments**

Investments are managed based on the investment policy and level of risk deemed appropriate by the Organization. Investments consisted of the following as of December 31:

	2023
Community Foundation endowment	\$ 130,835
Fixed income	2,334,275
Stocks, real estate, & alternatives	10,403,993
	\$ 12,869,103

Investment income consisted of the following at year-end:

	2023
Interest & dividends	\$ 288,279
Realized gain/(loss)	(51,394)
Unrealized gain/(loss)	1,642,956
Administrative fees	(87,837)
	\$ 1,792,004

**Note 5. Fixed Assets**

Major classes of fixed assets are as follows at year-end:

	2023
Land	\$ 34,637
Buildings	12,237,919
Furniture, fixtures, and equipment	1,283,471
Vehicles	729,934
Website	58,653
Accumulated depreciation	(6,275,230)
	\$ 8,069,384

Depreciation and amortization expense was \$490,372 for the year ended December 31, 2023.

**Animal Rescue League of Iowa, Inc.**  
Notes to the Financial Statements  
For the Year Ended December 31, 2023

**Note 6. Net Assets with Donor Restrictions**

The following net assets are restricted by the donor for specific purposes or periods at year-end:

Subject to expenditure for specified purpose:	2023
Strategic Shelter Services	\$ 147,102
Spay/Neuter	98,854
Therapy Animals	5,187
Vet Assistance	18,137
Animal Training	40,354
Adoption Assistance	680
Animal Reclaim	6,644
Kitten Nursery	10,000
Pet Supplies	2,637
Pet food Assistance	5,086
Public Awareness	1,677
Pet Inclusive Housing	15,000
	\$ 351,357

**Note 7. Retirement Plan**

The Organization has a defined contribution retirement plan, which covers all employees. Employees are immediately eligible and can elect to make contributions in addition to those provided by the employer. The Organization makes individual contributions equal to 50% of the first 4% of employee contributions. Contributions under the plan totaled \$33,328 as of December 31, 2023.

**Note 8. Related Parties**

A senior member of management is related to a member of the Board of Directors and Executive Committee. The board member abstains from any discussions and voting related to the employee's performance review and salary negotiations.

**Note 9. Subsequent Events**

Management has reviewed and evaluated material subsequent events from the Statement of Financial Position date of December 31, 2023 through the financial statement issuance date of October 28, 2024. There were no subsequent events requiring adjustment to the financial statements.