




# **Mercy For Animals**

## **Independent Auditor's Report and Financial Statements**

December 31, 2023 and 2022



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## **Independent Auditor's Report**

The Board of Directors of  
Mercy For Animals, Inc.  
Los Angeles, California

### ***Opinion***

We have audited the financial statements of Mercy For Animals, Inc., which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Mercy For Animals, Inc. as of December 31, 2023, 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 (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Mercy For Animals, Inc. 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 Mercy For Animals, Inc.'s ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mercy For Animals, Inc.'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 Mercy For Animals, Inc.'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***

Mercy For Animals' 2022 financial statements were audited by other auditors who expressed an unmodified audit opinion on those audited financial statements in their report dated September 15, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Forvis Mazars, LLP***

**New York, New York  
October 1, 2024**

# Mercy For Animals

## Statements of Financial Position

December 31, 2023

(With Summarized Comparative Information for 2022)

	2023	2022
<b>Assets</b>		
Cash and cash equivalents	\$ 7,567,604	\$ 16,260,409
Restricted cash	782,585	929,036
Contributions and grants receivable	3,466,082	9,793,746
Investments, at fair value	15,981,414	12,593,754
Prepaid expenses and other assets	954,698	781,519
Right of use asset	91,927	-
Property and equipment, net	547,264	98,946
Intangible assets	122,145	122,145
Total assets	<u>\$ 29,513,719</u>	<u>\$ 40,579,555</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 1,659,055	\$ 850,361
Deferred revenue	62,500	-
Lease Liability	91,927	-
Total liabilities	<u>1,813,482</u>	<u>850,361</u>
Net assets		
Without donor restrictions		
Undesignated	16,029,133	21,599,845
Board designated for long term investment	6,331,662	6,331,662
With donor restrictions	5,339,442	11,797,687
Total net assets	<u>27,700,237</u>	<u>39,729,194</u>
Total liabilities and net assets	<u>\$ 29,513,719</u>	<u>\$ 40,579,555</u>

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

# Mercy For Animals

## Statements of Activities Year Ended December 31, 2023 (With Summarized Comparative Information for 2022)

	2023		2022	
	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Revenue and other support				
Contributions and grants	\$ 7,939,266	\$ 1,544,777	\$ 9,484,043	\$ 28,123,049
In-kind contributions	765	-	765	173,506
Fundraising events, net of direct benefit expenses of \$269,488 in 2022	-	-	-	510,304
Sale of merchandise, net of cost of goods sold of \$82,011 and \$72,884	47,090	-	47,090	35,314
Investment income (loss), net	2,293,443	-	2,293,443	(1,520,379)
Net assets released from restrictions	8,003,022	(8,003,022)	-	-
Total revenue and other support	18,283,586	(6,458,245)	11,825,341	27,321,794
Expenses				
Program services	17,752,157	-	17,752,157	9,821,142
Management and general	3,048,861	-	3,048,861	2,660,322
Fundraising	3,053,280	-	3,053,280	2,211,134
Total expenses	23,854,298	-	23,854,298	14,692,598
Change in net assets	(5,570,712)	(6,458,245)	(12,028,957)	12,629,196
Net asset, beginning of year	27,931,507	11,797,687	39,729,194	27,099,998
Net asset, end of year	\$ 22,360,795	\$ 5,339,442	\$ 27,700,237	\$ 39,729,194

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

# Mercy For Animals

## Statement of Functional Expenses Year Ended December 31, 2023 (With Summarized Comparative Information for 2022)

	2023			2022	
	Program Services	Management and General	Fundraising	Total Expenses	Total Expenses
Salaries, benefits and payroll taxes	\$ 9,031,303	\$ 2,095,514	\$ 2,069,123	\$ 13,195,940	\$ 8,712,453
Contributions and grants	4,606,210	-	-	4,606,210	2,530,076
Contract labor	992,958	230,394	227,493	1,450,845	767,461
Information technology expenses	628,036	145,722	143,887	917,645	556,490
Professional fees and dues	785,259	182,200	179,906	1,147,365	541,736
Staff development	239,540	55,579	54,880	349,999	203,292
Travel	636,864	147,770	145,911	930,545	533,597
Advertising	338,144	78,459	77,471	494,074	233,671
Insurance	59,135	13,721	13,548	86,404	97,735
Postage & shipping	78,752	18,272	18,043	115,067	86,808
Office expenses	76,233	17,689	17,465	111,387	103,457
Networking / awareness events	-	-	42,811	42,811	-
Event expenses	-	-	-	-	269,488
Supplies	94,339	21,890	21,614	137,843	56,890
Bank fees	79,389	18,420	18,189	115,998	93,961
Cost of goods sold	82,011	-	-	82,011	72,884
Printing and copying	58,014	12,099	11,946	82,059	106,090
Telecommunications	6,958	1,614	1,594	10,166	40,636
Depreciation and amortization	41,023	9,518	9,399	59,940	28,245
	<u>17,834,168</u>	<u>3,048,861</u>	<u>3,053,280</u>	<u>23,936,309</u>	<u>15,034,970</u>
Less direct costs of special events	-	-	-	-	(269,488)
Less costs of goods sold	<u>(82,011)</u>	<u>-</u>	<u>-</u>	<u>(82,011)</u>	<u>(72,884)</u>
Total expenses	<u>\$ 17,752,157</u>	<u>\$ 3,048,861</u>	<u>\$ 3,053,280</u>	<u>\$ 23,854,298</u>	<u>\$ 14,692,598</u>

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

# Mercy For Animals

## Statements of Cash Flows Year Ended December 31, 2023 (With Summarized Comparative Information for 2022)

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ (12,028,957)	\$ 12,629,196
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	59,940	28,245
Stock donations	(241,923)	(98,229)
Net realized and unrealized (gain) loss on investment	(2,060,545)	1,803,134
Reduction in carrying amount of lease asset	1,177	-
Increase (decrease) in cash resulting from changes in operating assets and liabilities		
Contributions and grants receivable	6,327,664	(8,168,301)
Prepaid expenses and other assets	(173,179)	(565,443)
Deferred revenue	62,500	-
Operating lease liabilities	(1,177)	-
Accounts payable and accrued expenses	808,694	190,082
Net cash (used in) provided by operating activities	(7,245,806)	5,818,684
Cash flows from investing activities		
Purchases of property and equipment	(508,258)	(99,991)
Proceeds from sale of investments	30,363,309	7,853,970
Purchase of investments	(31,448,501)	(10,248,790)
Net cash used in investing activities	(1,593,450)	(2,494,811)
Net (decrease) increase in cash and cash equivalents and restricted cash	(8,839,256)	3,323,873
Cash and cash equivalents and restricted cash		
Beginning of year	17,189,445	13,865,572
End of year	\$ 8,350,189	\$ 17,189,445
Reconciliation of cash and cash equivalents and restricted cash		
Cash and cash equivalents	\$ 7,567,604	\$ 16,260,409
Restricted cash	782,585	929,036
Cash and cash equivalents and restricted cash, end of year	\$ 8,350,189	\$ 17,189,445
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Right of use assets / lease liabilities incurred during the year	\$ 93,103	\$ -

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



# Mercy For Animals

## Notes to Financial Statements

December 31, 2023

(With Summarized Comparative Information for 2022)

### 1. Organization and Nature of Activities

Mercy For Animals, Inc. (the “Organization”) is a 501(c)(3) nonprofit animal protection organization that works to construct a compassionate food system by reducing suffering and ending the exploitation of animals for food through investigations, legal advocacy, corporate engagement, and education. The Organization focuses on farmed animal advocacy and promoting cruelty-free food choices.

In order to spread the Organization’s mission domestically and globally, the Organization assisted in the establishment of the affiliated nonprofit organizations in Canada, Brazil, Asia, Latin America and India. All affiliated organizations maintain separate Boards of Directors; however some Board membership and senior management are common to some of the affiliates. All affiliates operate as separate and independent entities to undertake activities that may or may not be consistent with all requirements of the Section 501(c)(3) of the Internal Revenue Code governing certain tax-exempt entities. While the Organization made grants to the affiliates totaling \$4,183,785 in 2023, the Organization does not enjoy the rights of ownership of the assets and revenues of the affiliates, nor is it subject to their liabilities. The Organization does not hold a majority ownership interest in its affiliates nor does the Organization have control of a majority of the Board appointments of the affiliated group. Accordingly, the financial statements of the affiliates have not been consolidated with those of the Organization.

### 2. Significant Accounting Policies

#### Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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. The Board may designate a portion of these net assets for a specific purpose which makes them unavailable for use at management’s discretion.

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.

#### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Cash and Cash Equivalents

Cash consists of funds maintained in bank accounts. Cash equivalents consist of highly liquid investments with original maturities of three months or less.

The Organization maintains its cash balances with one major financial institution. Amounts at the financial institution are insured by the Federal Deposit Insurance Corporation. Balances may exceed insured limits from time to time. As of December 31, 2023, the uninsured balance totaled approximately \$8,059,000.

#### Contributions and Grants Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows discounted to fair value using an appropriate interest rate applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

## Mercy For Animals

Conditional promises to give are not included as support until the conditions are substantially met and are reflected as deferred revenue in the accompanying statement of financial position. Contributions receivable are expected to be collected within the next fiscal year unless classified as non-current assets.

### **Restricted Cash**

Restricted cash includes funds required to be held within segregated bank accounts pursuant to donor-imposed stipulations.

### **Inventory**

Inventory is valued at the lower of cost, computed on the average cost basis, or net realizable value. Inventory is included in prepaid expenses and other assets on the accompanying statement of financial position.

### **Property and equipment**

Property and equipment are stated at historical cost or fair value at the date of donation. Expenditures for fixed assets in excess of \$1,000 are capitalized. Depreciation is calculated on the straight-line method over the estimated useful lives of the respective assets. Maintenance and repair expenditures are charged to operations, as incurred.

### **Deferred Revenue**

Amounts received in advance of the satisfaction of related performance obligations are reflected as deferred revenue in the accompanying statement of financial position.

### **Support and Revenues**

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until all the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Grants represent contributions if resource providers do not receive direct commensurate value in exchange for the assets transferred. Contributions are recorded at their fair value as support with or without donor restrictions, depending on the existence or absence of donor-imposed stipulations on the use of funds as applicable. When a restriction expires (that is, when a stipulated time restriction lapses or purpose restriction is accomplished), 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.

Revenue from sales of merchandise are recognized at the point in time when the sale occurs.

Due to the fact that the organization from time to time receives significant contributions or grants that are made to cover multiple years, yet are recognized as revenue in the first year, the organization's assets, revenues, change in net assets and cash flows can vary significantly from year to year.

### **Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. A portion of management and general costs that benefit multiple functional areas (indirect costs) have been allocated across programs and other supporting services based on the proportion of full-time employee equivalents of a program or other supporting service versus the total organizational full-time employee equivalents.

### **Intangible Assets**

Intangible assets represent assets which are not physical in nature and include digital assets held by the Organization. Digital assets are recorded at their fair value at the time of donation and are tested for impairment at least annually, or more often if there is an indication of impairment. Impairment losses on intangible assets are reported in the statement of activities.

## Mercy For Animals

### Investments

Investments are valued at fair value, which 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. Unrealized gains and losses are included in the statement of activities. The Organization follows the standards for fair value measurement and disclosure for financial assets and liabilities which clarify the definition of fair value, prescribe methods for measuring fair value, establish a fair value hierarchy based on the inputs used to measure fair value and expand disclosure about the use of fair value measurements. The following table presents financial assets that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value.

Level 1 – Includes investments for which unadjusted quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, and inputs that are observable for the assets and liabilities, either directly or indirectly, for substantially the full-term of the financial instrument.

Level 3 – Includes investments that are valued using unobservable inputs to the extent that relevant observable inputs are not available, representing the Organization's own assumptions about the assumptions that a market participant would use in valuing the investment, and that would be based on the best information available.

Equities consist of debt and equity securities and are recorded at fair value. The fair value of equity securities is based on quoted market prices. The fair value of marketable debt securities is estimated by the custodian of these securities based on industry-standard models or other valuation methodologies.

The following is a description of the valuation methodologies used for assets measured at fair value:

*Equities and exchange traded funds:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Fixed income securities:* Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

The methods described above may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while the Organization 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.

### Summarized Prior Year Financial Information

The financial statements include certain prior year summarized comparative information in total, which does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

### In-Kind Contributions

The Organization records donated services at fair value at the date of donation if the services enhance nonfinancial assets or require specialized skills which the Organization would typically need to purchase if not provided by donation. Donated equipment and other goods are recorded at their estimated fair value when received.

Legal services are valued and reported at fair value in the financial statements based on current rates for similar legal services. Estimated fair value for auctioned gifts was determined based on wholesale values for similar items.

## Mercy For Animals

The amount applicable to in-kind contributions is reflected in the financial statements as both support and expenses as follows for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Legal services	\$ 765	\$ 173,506
Total in-kind contributions	<u>\$ 765</u>	<u>\$ 173,506</u>

### Leases

The Company follows the provisions of ASU 2016-02, Leases (Topic 842), and elected the following package of practical expedients: 1) not to allocate consideration between lease and non-lease components, and 2) not to record leases with a term of 12 months or less.

### Advertising

Advertising costs are expensed as incurred.

### Income Tax Status

The Internal Revenue Service and California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701d.

## 3. Investments

Investments were comprised of the following at December 31, 2023 and 2022:

	<u>Fair Value Measurements at December 31, 2023</u>			2023 Total
	Unadjusted Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Fixed income - US government securities	\$ 7,927,389	\$ -	\$ -	7,927,389
Equities	5,964,695	-	-	5,964,695
Commodities	1,440,289	-	-	1,440,289
Exchange traded funds	649,041	-	-	649,041
	<u>\$ 15,981,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,981,414</u>

	<u>Fair Value Measurements at December 31, 2022</u>			2022 Total
	Unadjusted Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Fixed income - US government securities	\$ 6,545,753	\$ -	\$ -	6,545,753
Equities	4,392,380	-	-	4,392,380
Commodities	1,307,132	-	-	1,307,132
Exchange traded funds	348,489	-	-	348,489
	<u>\$ 12,593,754</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,593,754</u>

## Mercy For Animals

Investment income for the years ended December 31, 2023 and 2022 was comprised of the following:

	2023	2022
Interest and dividend income	269,647	\$ 320,577
Net realized gain	426,160	246,858
Net unrealized gain (loss)	1,634,385	(2,049,992)
Investment fees	(36,749)	(37,822)
	<u>2,293,443</u>	<u>(1,520,379)</u>
Total investment income (loss)	<u>\$ 2,293,443</u>	<u>\$ (1,520,379)</u>

#### 4. Contributions and Grants Receivable

Contributions and grants receivable at December 31, 2023 and 2022 include unconditional promises to give as follows:

	2023	2022
Receivable in less than one year	\$ 3,466,082	\$ 9,728,746
Receivable in one to five years	-	65,000
	<u>3,466,082</u>	<u>9,793,746</u>
	<u>\$ 3,466,082</u>	<u>\$ 9,793,746</u>

#### 5. Property and Equipment, net

Property and equipment, net consisted of the following:

	2023	2022	Depreciation / Amortization Period
Leasehold improvements - Transformation program (see Note 7)	\$ 442,058	\$ -	Term of lease
Furniture and equipment	75,821	75,821	5 years
Computer equipment	160,126	93,925	5 years
Software	8,324	8,324	5 years
	<u>686,329</u>	<u>178,070</u>	
Accumulated depreciation and amortization	<u>(139,065)</u>	<u>(79,124)</u>	
	<u>\$ 547,264</u>	<u>\$ 98,946</u>	

Depreciation and amortization expense amounted to \$59,940 and \$28,245 and for the years ended December 31, 2023 and 2022, respectively.

## Mercy For Animals

### 6. Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, are available for the following purposes or periods:

	2023	2022
Public engagement	\$ 659,772	\$ 1,775,280
Global public policy	518,915	781,096
Transformation	458,276	825,100
Corporate engagement	1,131,396	6,411,435
Organizing	329,881	832,732
Investigations	251,773	683,358
Research	34,489	88,686
The People's Fund	340,000	340,000
Other	1,614,940	60,000
	<u>\$ 5,339,442</u>	<u>\$ 11,797,687</u>

Net assets were released from restriction for the years ended December 31 as follows:

	2023	2022
Corporate engagement	\$ 1,777,908	\$ 2,142,145
Public engagement	1,036,785	670,884
Organizing	502,851	226,856
Transformation	1,608,823	603,100
Investigations	431,586	949,862
Global public policy	370,681	207,433
Research	54,197	61,062
The People's Fund	-	120,000
Other	2,220,191	2,085,048
Time restrictions	-	250,000
	<u>\$ 8,003,022</u>	<u>\$ 7,316,390</u>

### 7. Lease Commitments

Effective October 26, 2023, the Organization entered into an agreement to lease agricultural space in Wadesboro, North Carolina through October 26, 2033. The Organization intends to utilize the space as part of its Transformation program by seeking to reconstruct existing animal-based facilities into use for non-animal agricultural purposes, resource materials and guidelines for farmers, and calculate optimal scales of production for economically viable alternative businesses, including plant-based farming.

Operating lease Right of Use Assets and lease liabilities were recognized at commencement date based on the present value of minimum lease payments over the remaining lease term. The minimum lease payments include base rent payments. As the implicit rate in the Organization's leases is unknown, the Organization uses the practical expedient available to use the risk-free rate at the lease commencement date in determining the present value of future lease payments. Operating lease expenses are recognized on a straight-line basis over the lease term.

## Mercy For Animals

Supplemental information as of December 31,	<u>2023</u>
Weighted average remaining lease term (years)	9.83
Weighted average discount rate	5.50%
<u>Year Ending December 31,</u>	
2024	\$ 12,000
2025	12,000
2026	12,000
2027	12,000
2028	12,000
Thereafter	<u>49,018</u>
Total operating lease payments	109,018
Less: imputed interest	<u>(17,091)</u>
Present value of lease liabilities	<u>\$ 91,927</u>

The Organization is working in a remote environment and does not currently occupy office space.

Rent expense for the years ended December 31, 2023 and 2022 amounted to \$11,576 and \$20,591, respectively.

### 8. Concentrations

During the year ended December 31, 2023, 3 donors accounted for approximately 37% of contributions and grant revenues. As of December 31, 2023, 2 donors accounted for approximately 63% of contributions and grants receivable. During the year ended December 31, 2022, 2 donors accounted for approximately 59% of contributions and grant revenues. As of December 31, 2022, 1 donor accounted for 72% of contributions and grants receivable.

### 9. Related Party

The Organization received approximately \$25,000 and \$27,000, respectively in grants and contributions from members of the Board of Directors during the years ended December 31, 2023 and 2022.

### 10. Retirement Plan

The Organization offers a voluntary pre-tax retirement benefit plan to all employees immediately upon hire. Employees that elect to contribute to the benefit plan may self-direct the investment of their deferred compensation among specific investment options via automatic payroll deduction. The Organization offers a 100% match of up to 3% of employee contributions to the plan, vesting 25% for each year of service to the Organization, becoming fully vested after 4 years of service or upon attainment of normal retirement age.

### 11. Liquidity and Availability

The Organization has a Finance and Investment Committee that oversees the financial and liquidity position of the Organization. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has a goal to maintain financial assets, which primarily consists of cash and short-term investments, on hand to meet 9 months of normal operating expenses, which based on 2023 operating expenses is approximately \$17 million.

# Mercy For Animals

The Organization’s financial assets available within one year of the statement of financial position date for general expenditures is as follows:

	2023	2022
Cash and cash equivalents	\$ 7,567,604	\$ 16,260,409
Contributions and grants receivables	3,466,082	9,793,746
Investments, at fair value	15,981,414	12,593,754
Financial assets available within one year	27,015,100	38,647,909
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	5,339,442	11,797,687
Amounts unavailable to management without Board's approval:		
Board designated for long term investment	6,331,662	6,331,662
Total financial assets available to management for general expenditures within one year	\$ 15,343,996	\$ 20,518,560

## 12. Subsequent Events

The Organization has evaluated subsequent events through October 1, 2024, the date the financial statements were available to be issued.