

**HELEN WOODWARD ANIMAL CENTER
FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

HELEN WOODWARD ANIMAL CENTER

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Helen Woodward Animal Center

We have audited the accompanying financial statements of Helen Woodward Animal Center, a nonprofit organization, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, 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.

Earning Your Trust Since 1946

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Helen Woodward Animal Center, a nonprofit organization, as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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An accountancy corporation

December 2, 2020

**HELEN WOODWARD ANIMAL CENTER
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018**

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	2019	2018
ASSETS		
Cash and cash equivalents	\$ 5,512,591	\$ 7,312,302
Accounts receivable	49,434	73,468
Inventory	33,135	25,958
Prepaid expenses	73,389	66,111
Contributions receivable (note 3)	3,921,218	5,817,927
Investments (note 4)	8,690,957	7,383,194
Beneficial interest in trusts (note 5)	1,822,835	1,611,447
Property and equipment (note 8)	19,891,507	15,463,175
Investment in San Diego Foundation (note 9)	17,328	15,812
Investment in Rancho Santa Fe Foundation (note 10)	25,283	21,835
Other assets	10,600	10,600
	40,048,277	37,801,829
TOTAL ASSETS		
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	308,940	1,212,577
Accrued payroll	218,866	160,602
Accrued compensated absences	307,120	288,588
Security deposits	2,220	3,320
	837,146	1,665,087
TOTAL LIABILITIES		
NET ASSETS		
Net assets without donor restrictions		
Undesignated	23,570,069	20,729,796
Board designated	4,310,348	3,404,408
	27,880,417	24,134,204
Total net assets without donor restrictions		
Net assets with donor restrictions (note 14)		
Purpose restricted	5,804,544	4,549,659
Time restricted for future periods	3,891,218	5,817,927
Perpetual in nature	1,634,952	1,634,952
	11,330,714	12,002,538
Total net assets with donor restrictions		
	39,211,131	36,136,742
TOTAL NET ASSETS		
	\$ 40,048,277	\$ 37,801,829
TOTAL LIABILITIES AND NET ASSETS		

See accompanying notes

HELEN WOODWARD ANIMAL CENTER
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE			
Contributions	2,967,877	\$ 4,589,222	\$ 7,557,099
Fees	5,672,208	-	5,672,208
Investment return (note 4)	1,862,416	-	1,862,416
Special events (less: direct benefit to donors of \$20,880)	785,915	-	785,915
Sales	683,698	-	683,698
Other income	(20,135)	-	(20,135)
Rents	31,731	-	31,731
Contributed goods	205,387		205,387
Change in value of split-interest agreements	-	17,451	17,451
	12,189,097	4,606,673	16,795,770
NET ASSETS RELEASED FROM RESTRICTION	5,278,497	(5,278,497)	-
EXPENSES:			
Program	9,784,195	-	9,784,195
Fundraising	2,588,192	-	2,588,192
Management and general	1,174,365	-	1,174,365
	13,546,752	-	13,546,752
COST OF SALES	174,629		174,629
TOTAL EXPENSES	13,721,381	-	13,721,381
CHANGE IN NET ASSETS	3,746,213	(671,824)	3,074,389
NET ASSETS, BEGINNING OF YEAR	24,134,204	12,002,538	36,136,742
NET ASSETS, END OF YEAR	\$ 27,880,417	\$ 11,330,714	\$ 39,211,131

See accompanying notes

HELEN WOODWARD ANIMAL CENTER
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE			
Contributions	\$ 2,370,723	\$ 4,420,507	\$ 6,791,230
Fees	5,022,396	-	5,022,396
Investment return (note 4)	(578,295)	-	(578,295)
Special events (less: direct benefit to donors of \$18,600)	1,319,388	-	1,319,388
Sales	633,471	-	633,471
Other income	127,356	-	127,356
Rents	31,881	-	31,881
Contributed goods	186,627	-	186,627
Change in value of split-interest agreements	-	8,673	8,673
	<u>9,113,547</u>	<u>4,429,180</u>	<u>13,542,727</u>
NET ASSETS RELEASED FROM RESTRICTION	6,719,559	(6,719,559)	-
EXPENSES:			
Program	8,439,005	-	8,439,005
Fundraising	2,415,755	-	2,415,755
Management and general	993,837	-	993,837
	<u>11,848,597</u>	<u>-</u>	<u>11,848,597</u>
COST OF SALES	154,172	-	154,172
TOTAL EXPENSES	12,002,769	-	12,002,769
CHANGE IN NET ASSETS	3,830,337	(2,290,379)	1,539,958
NET ASSETS, BEGINNING OF YEAR	20,303,867	14,292,917	34,596,784
NET ASSETS, END OF YEAR	<u>\$ 24,134,204</u>	<u>\$ 12,002,538</u>	<u>\$ 36,136,742</u>

See accompanying notes

**HELEN WOODWARD ANIMAL CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	PROGRAM SERVICES								FUNDRAISING ACTIVITIES					
	COMPANION ANIMAL HOSPITAL	EQUINE HOSPITAL	ADOPTIONS	BOARDING	EDUCATION	THERAPEUTIC RIDING	PET ENCOUNTER THERAPY	ANIMEALS	TOTAL PROGRAM SERVICES	FUNDRAISING	SPECIAL EVENTS	TOTAL FUNDRAISING ACTIVITIES	MANAGEMENT AND GENERAL	TOTAL
EXPENSES														
Salaries, wages and related benefits	\$ 1,176,319	\$ 584,566	\$ 1,706,575	\$ 1,032,121	\$ 720,644	\$ 361,865	\$ 231,993	\$ 41,075	\$ 5,855,158	\$ 1,431,550	\$ -	\$ 1,431,550	\$ 742,301	\$ 8,029,009
Operating supplies and expenses	564,006	242,982	540,720	231,558	170,594	80,800	24,138	79,588	1,934,386	195,234	19,760	214,994	188,474	2,337,854
Printing, advertising, and postage	1,435	1,737	12,729	2,635	41,662	1,056	1,038	1,081	63,373	177,566	132,848	310,414	934	374,721
Outside services	73,169	39,437	341,892	110,607	24,106	7,585	133	-	596,929	77,970	88,866	166,836	1,092	764,857
Other	46,046	12,907	31,149	46,176	93,366	6,503	377	31	236,555	54,450	34,066	88,516	5,873	330,944
Maintenance, repairs and equipment rental	19,668	8,803	4,969	3,429	5,885	6,868	1,220	198	51,040	10,642	22,806	33,448	337	84,825
Donated goods and services	-	2,850	116,089	3,214	6,178	8,750	40	65,521	202,642	1,150	170,758	171,908	1,595	376,145
Office expenses	4,085	436	13,265	2,017	651	184	49	207	20,894	3,708	530	4,238	439	25,571
Capital campaign expenses	-	-	-	-	-	-	-	-	-	92,920	-	92,920	-	92,920
Total expenses before depreciation	1,884,728	893,718	2,767,388	1,431,757	1,063,086	473,611	258,988	187,701	8,960,977	2,045,190	469,634	2,514,824	941,045	12,416,846
Depreciation	318,772	61,864	358,593	37,506	17,257	12,709	15,094	1,423	823,218	94,248	-	94,248	233,320	1,150,786
TOTAL EXPENSES	2,203,500	955,582	3,125,981	1,469,263	1,080,343	486,320	274,082	189,124	9,784,195	2,139,438	469,634	2,609,072	1,174,365	13,567,632
Less: Direct benefits to donors at special events included in revenue	-	-	-	-	-	-	-	-	-	-	(20,880)	(20,880)	-	(20,880)
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES	\$ 2,203,500	\$ 955,582	\$ 3,125,981	\$ 1,469,263	\$ 1,080,343	\$ 486,320	\$ 274,082	\$ 189,124	\$ 9,784,195	\$ 2,139,438	\$ 448,754	\$ 2,588,192	\$ 1,174,365	\$ 13,546,752

**HELEN WOODWARD ANIMAL CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	PROGRAM SERVICES								FUNDRAISING ACTIVITIES					
	COMPANION ANIMAL HOSPITAL	EQUINE HOSPITAL	ADOPTIONS	BOARDING	EDUCATION	THERAPEUTIC RIDING	PET ENCOUNTER THERAPY	ANIMEALS	TOTAL PROGRAM SERVICES	FUNDRAISNG	SPECIAL EVENTS	TOTAL FUNDRAISING ACTIVITIES	MANAGEMENT AND GENERAL	TOTAL
EXPENSES														
Salaries, wages and related benefits	\$ 1,060,015	\$ 511,989	\$ 1,519,690	\$ 983,333	\$ 655,579	\$ 338,752	\$ 258,521	\$ 45,163	\$ 5,373,042	\$ 1,231,078	\$ -	\$ 1,231,078	\$ 596,129	\$ 7,200,249
Operating supplies and expenses	554,278	230,097	368,248	237,053	130,847	58,446	25,940	75,542	1,680,451	218,831	15,830	234,661	170,393	2,085,505
Printing, advertising, and postage	1,564	2,407	11,410	2,104	26,110	1,131	1,140	1,105	46,971	173,430	127,608	301,038	972	348,981
Outside services	25,936	42,830	237,333	104,267	17,613	4,755	497	-	433,231	81,828	82,346	164,174	1,032	598,437
Other	28,298	13,784	22,971	41,050	33,458	5,974	79	-	145,614	55,309	56,457	111,766	4,299	261,679
Maintenance, repairs and equipment rental	20,812	6,403	6,357	1,803	4,437	1,871	1,700	411	43,794	3,907	25,821	29,728	190	73,712
Donated goods and services	130	1,070	148,386	1,378	6,811	10,225	200	13,153	181,353	1,229	118,380	119,609	4,045	305,007
Office expenses	3,124	529	7,641	2,330	709	269	159	220	14,981	4,455	766	5,221	300	20,502
Capital campaign expenses	-	-	-	-	-	-	-	-	-	139,281	-	139,281	-	139,281
Total expenses before depreciation	1,694,157	809,109	2,322,036	1,373,318	875,564	421,423	288,236	135,594	7,919,437	1,909,348	427,208	2,336,556	777,360	11,033,353
Depreciation	331,542	62,859	41,046	33,127	16,328	12,882	19,978	1,806	519,568	97,799	-	97,799	216,477	833,844
TOTAL EXPENSES	2,025,699	871,968	2,363,082	1,406,445	891,892	434,305	308,214	137,400	8,439,005	2,007,147	427,208	2,434,355	993,837	11,867,197
Less: Direct benefits to donors at special events included in revenue	-	-	-	-	-	-	-	-	-	-	(18,600)	(18,600)	-	(18,600)
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES	\$ 2,025,699	\$ 871,968	\$ 2,363,082	\$ 1,406,445	\$ 891,892	\$ 434,305	\$ 308,214	\$ 137,400	\$ 8,439,005	\$ 2,007,147	\$ 408,608	\$ 2,415,755	\$ 993,837	\$ 11,848,597

**HELEN WOODWARD ANIMAL CENTER
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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	2019	2018
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 3,074,389	\$ 1,539,958
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES		
Depreciation	1,150,786	833,844
Net realized and unrealized (gain)/loss on investments	(1,724,811)	686,635
Loss on sale of equipment	143,258	-
Change in value of split-interest agreements	(17,451)	(8,673)
Change in operating assets and liabilities:		
Accounts receivable	24,034	(11,119)
Inventory	(7,177)	(1,414)
Prepaid expenses, deposits, and other assets	(7,278)	(11,567)
Contributions receivable	1,896,709	1,712,709
Beneficial interest in trusts	(313,760)	196,102
Life insurance premium	-	525,019
Accounts payable and accrued expenses	(903,637)	835,104
Accrued payroll	58,264	8,402
Accrued compensated absences	18,532	19,864
Deferred compensation and benefits	-	(15,000)
Security deposit	(1,100)	(200)
	<u>316,369</u>	<u>4,769,706</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,390,758	6,309,664
CASH FLOWS USED BY INVESTING ACTIVITIES		
Purchase of property and equipment	(5,740,939)	(6,627,739)
Proceeds from sale of property and equipment	18,561	-
Proceeds from sale of investments	1,068,358	790,821
Purchase of investments	(656,272)	(598,659)
Distribution received from beneficial interest in trusts	119,823	134,595
	<u>(5,190,469)</u>	<u>(6,300,982)</u>
NET DECREASE IN CASH	(1,799,711)	8,682
CASH, BEGINNING OF YEAR	<u>7,312,302</u>	<u>7,303,620</u>
CASH, END OF YEAR	<u>\$ 5,512,591</u>	<u>\$ 7,312,302</u>

See accompanying notes

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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NOTE 1 THE CENTER

Helen Woodward Animal Center (the "Center") is a nonprofit organization formed in California in June 1972. The Center was renamed in 1987 for Helen Woodward, the Center's founder and benefactor. The Center serves primarily San Diego County, California.

The Center conducts a variety of programs which benefit the community. The Center's pet placement service finds new homes for cats and dogs surrendered by their owners or rescued from organizations and cares for these animals prior to adoption. The Therapeutic Riding program benefits disabled children and adults, both physically and emotionally. The Pet Encounter Therapy program brings the joy of animals to persons confined in such facilities as homes for abused or homeless children, hospitals, and senior centers, and provides the same experience for groups that choose to visit the Center.

The Center also provides humane educational programs for children and adults on a variety of topics, including proper animal care and animal behavior, in hopes that participants gain greater respect and appreciation for all living things. In addition, the Center holds seminars for other animal welfare organizations, locally, nationally, and globally. The seminars are geared towards helping workers in the animal welfare industry apply business principles to saving animals. They learn how to grow and maintain their organizations. The Center's auxiliary services include AniMeals pet food supplements for the pets of homebound adults and tours for children and seniors.

The Center maintains a community equine hospital and animal boarding facilities. The hospital serves as a surgical and diagnostic facility for horses and other large exotic animals. The Center grants hospital privileges to large animal veterinarians in the County. The Center's pet boarding facility provides care and individual attention for small animals, primarily cats and dogs.

The Center also operates a small animal hospital open to all cats, dogs and small exotic animals. The hospital offers a variety of services including pet vaccinations, pet dentistry and emergency care.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The accompanying financial statements are prepared using the accrual method of accounting in conformity with generally accepted accounting principles.

Basis of presentation - The Center is required to 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. New standards were issued regarding classification of endowment funds of nonprofits subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and enhanced disclosures for endowment. The State of California adopted UPMIFA in October 2008. The Center follows the new standards effective January 1, 2009.

Net assets without donor restrictions - Net assets without donor restrictions consist of assets which are fully available, at the discretion of management and the Board of Directors, for the Center to utilize in any of its programs or supporting services. Net assets without donor restrictions also include amounts designated for certain purposes by the Board of Directors.

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
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Net assets with donor restrictions - Net assets with donor restrictions consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Center may spend the funds. At December 31, 2019 and 2018, the Center had net assets with donor restrictions of \$11,330,714 and \$12,002,538, respectively.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from estimates.

Cash and cash equivalents - The Center considers all investment instruments purchased with a maturity of three months or less to be cash equivalents. The Center maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Center has not experienced any losses in such accounts. The Center believes it is not exposed to any significant credit risk on cash and cash equivalents. Included in cash as of December 31, 2019 and 2018 are balances of \$269,850 and \$240,483, respectively, held in money market accounts.

Accounts receivable - Accounts receivable totaling \$49,434 and \$73,468, net of an allowance for uncollectible accounts of \$0 and \$243 for the years ended December 31, 2019 and 2018, respectively, consist primarily of accounts receivable related to services performed at the equine hospital. Bad debts are accounted for using the specific identification method and are written-off after all collection attempts have been exhausted. Accordingly, bad debt expense is charged to operations in the year in which an account is determined uncollectible.

Inventory - Inventory consists of mainly pet supplies held for resale and is stated at the lower of cost or net realizable value. Cost is determined by the specific identification method.

Contributions - Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions unless specifically restricted by the donor or subject to other legal restrictions.

Contributions receivable - Contributions receivable consist of unconditional promises to give and are recorded in the year the promise is made. Conditional promises are not recognized until the conditions are substantially met. 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 recorded at the present value of estimated cash flows. The Center provides for probable losses on contributions receivable using the allowance method. The allowance is determined based on management's experience and collection efforts.

Program Fee Revenue - Revenue from program fees are recognized when earned, which may be when cash is received or services are performed.

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Accounting Standards Update No. 2014-09, 2016-08, 2016-10, 2016-12 and 2016-20, collectively implemented as Financial Accounting Standard Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 606 (“ASC 606”) Revenue from Contracts with Customers, provides guidance for revenue recognition. This ASC’s core principle requires an organization to recognize revenue when it transfers promised goods or services to customers in an amount that reflects consideration to which the organization expects to be entitled in exchange for those goods or services. The standard also clarifies the principal versus agent considerations, providing the evaluation must focus on whether the entity has control of the goods or services before they are transferred to the customer. The new standard permits the use of either the modified retrospective or full retrospective transition method.

The Center has performed a review of the new guidance as compared to its current accounting policies, and evaluated all services rendered to its customers as well as underlying contracts to determine the impact of this standard to its revenue recognition process. Upon completion of its review of relevant contracts, the Center has made a determination that there was not a material impact to fiscal 2020 revenues as a result of applying ASC 606. Additionally, there have not been significant changes to the Center’s business processes, systems, or internal controls as a result of implementing the standard. The Center adopted the standard on July 1, 2019, using the modified retrospective transition method.

In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU includes clarification regarding the accounting for contracts and agreements as exchange transactions or contributions and provides improved guidance to better distinguish between conditional and unconditional contributions. The Center adopted ASU 2018-08, under the modified prospective approach to agreements that were either not completed as of July 1, 2019 or entered into after July 1, 2019. The adoption of this ASU did not have a material effect on the financial statements for contributions received. The Center does not make significant contributions and the impact of ASU 2018-08 related to contributions made is not expected to be material to the financial statements or disclosures.

The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. The interest rate used in computing the discount of estimated future cash flows was 4% for pledges received in 2019 and 2018.

Investments - The Center reports its investments in accordance with generally accepted accounting principles for not-for-profit organizations, which establish accounting standards for investments in certain equity securities and for all debt securities. The guidance prescribes that covered investments be reported in the statement of financial position at fair value with any realized or unrealized gains or losses reported in the statement of activities. Investment income is recognized as revenue in the period it is earned and gains and losses are recognized as changes in net assets in the accounting period in which they occur.

Fair value measurement - The Center follows accounting standards consistent with the FASB codification which defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements for all financial assets and liabilities.

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Property and equipment - Land, building and equipment are recorded at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restriction regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Center reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and equipment is depreciated using the straight-line method over the estimated useful asset lives as follows:

Land improvements	7 - 25	years
Building and improvements	3 - 25	years
Equipment	3 - 18	years
Furniture and fixtures	3 - 20	years
Vehicles	5	years

The Center is currently raising funds for a capital campaign to renovate the Center. The renovations are expected to be conducted in four phases. As of December 31, 2019, the first two phases of the renovation have been completed. The 3rd phase is expected to begin in September 2021, with an anticipated completion date of September 2022. The Center has capitalized the costs related to the construction of the unfinished phases and will not begin depreciating those assets until they are placed in service. Construction in progress costs totaled \$50,938 and \$7,205,723 as of December 31, 2019 and 2018, respectively.

Maintenance, repairs and minor renewals are charged to operations as incurred. Upon sale or disposition of land, buildings and equipment, the asset account is relieved of the cost and the accumulated depreciation account is relieved of any depreciation taken prior to the sale and any resultant gain or loss is credited or charged to earnings.

Net assets without donor restrictions - It is policy of the Board of Directors of the Center to review its plans for future operating funds, equipment acquisitions and other reserves from time to time and to designate appropriate sums to assure adequate financing of such items. At December 31, 2019 and 2018, net assets without donor restrictions totaling \$4,310,348 and \$3,404,408, respectively, have been designated by the Board of Directors as an endowment for the purpose of securing the Center's long term financial viability.

Contributed services, materials, equipment, and food - The Center has received substantial donations of materials, equipment, food, and professional services. The donations of materials, food and other assets are recorded at their fair market value. The value of the donations received not relating to special events totaled \$205,387 and \$186,627 for the years ended December 31, 2019 and 2018, respectively.

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NOTES TO THE FINANCIAL STATEMENTS
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The nature and extent of donated and contributed services received by the Center ranges from the limited participation of many individuals in fundraising activities to active participation in the Center's management and service programs during 2019 and 2018. The value of contributed time is not reflected in these statements since they do not require specialized skills.

Functional allocation of expenses - The Center allocates its expenses on a functional basis among its various programs and support services. Expenditures which can be identified with a specific program or support service are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by the Center's management.

The Center achieves some of its programmatic, management, and general goals in direct mail campaigns that consist of a newsletter that includes a request for contributions. The costs of conducting these campaigns include a total of \$31,389 and \$29,153 of joint costs for the years ended December 31, 2019 and 2018, respectively, not directly attributable to either program or management and general components or the fundraising component of the activities. These joint costs were allocated as follows:

	2019	2018
Fundraising	\$ 13,243	\$ 9,351
Adoptions	9,810	11,002
Companion animal hospital	1,042	1,100
Equine hospital	1,042	1,100
Boarding	1,042	1,100
Education	1,042	1,100
Therapeutic Riding	1,042	1,100
Pet Encounter Therapy	1,042	1,100
AniMeals	1,042	1,100
Management and general	1,042	1,100
	\$ 31,389	\$ 29,153

Income taxes - The Center is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code.

The Center follows accounting standards which provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax position and believes that all of the positions taken in its exempt organization tax returns are more likely than not to be sustained upon examination. As of December 31, 2019 and 2018, the Center has not accrued interest or penalties related to uncertain tax positions. The Center files tax returns in the U.S. Federal jurisdiction and the State of California.

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In August 2016, FASB issued Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). The update addresses the complexity and understandability of the net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. The Center’s management elected to adopt ASU 2016-14 effective in the year ending December 31, 2018.

The new standards change the following aspects of the Center’s financial statements:

- The temporarily restricted net asset class has been renamed net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (note 16). In the year of adoption, disclosure for prior year is not required.
- The net asset disclosures were expanded.

Reclassification - Certain prior year amounts have been reclassified for consistency with the current period presentation. The reclassification had no effect on total assets, total net assets or the reported statements of activities and changes in net assets.

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following at December 31:

	2019	2018
* Bequests	\$ 1,917,836	\$ 3,254,773
Temporarily restricted pledges	2,459,383	3,565,352
Other receivables (due within one year)	300,000	-
	4,677,219	6,820,125
Less: discount	(756,001)	(1,002,198)
	\$ 3,921,218	\$ 5,817,927

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The following is a schedule by years of future receipts for pledges with donor restrictions as of December 31:

2020	794,024
2021	788,425
2022	784,059
2023	71,425
2024	21,450
	<u>\$ 2,459,383</u>

* Bequests are usually received within a two-year period following the death of donor, and are typically subject to court proceedings and the probate process. The Center has also received irrevocable bequests from donors who wish to make a contribution upon their death. These bequests have been discounted based on the life expectancy of the donors and using U.S. Treasury yield curve rates ranging from 2.25% to 2.87% for the years ended December 31, 2019 and 2018.

NOTE 4 INVESTMENTS

Investments are stated at fair value and consist of the following at December 31:

	2019	2018
Common stocks	\$ 6,648,654	\$ 5,306,571
Mutual funds	1,363,767	1,251,538
Managed funds	538,751	447,622
Preferred stock	139,785	127,567
Municipal funds	-	249,896
	<u>\$ 8,690,957</u>	<u>\$ 7,383,194</u>

The following schedule summarizes the investment return of the assets held by the Center for the year ended December 31:

	2019	2018
Net realized and unrealized gain on investments	\$ 1,724,811	\$ (686,635)
Interest and dividend income	137,605	108,340
	<u>\$ 1,862,416</u>	<u>\$ (578,295)</u>

The Center paid investment fees of \$80,094 and \$82,129 related to these investments during the years ended December 31, 2019 and 2018, respectively.

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NOTE 5 BENEFICIAL INTEREST IN TRUSTS

The Center is the beneficiary of a charitable remainder trust administered by an outside trustee. The trust provides for the payment of distributions to a beneficiary over the term of the trust. At the end of the trust's term, the remaining assets are available for the Center's unrestricted use. The trust's assets consist of cash and investments and were valued using a discount rate of 2.0% and 3.6% for the years ended December 31, 2019 and 2018, respectively. At December 31, 2019, the trust had a value of \$399,020 and was shown net of a discount of \$291,713. At December 31, 2018, the trust had a value of \$384,741, and was shown net of a discount of \$294,884.

The Center has a beneficial interest in a trust setup by a donor. The trust provides for the payment of distributions to the Center over a period of fifteen years beginning in 2016. At the conclusion of year fifteen the remaining distributions will be paid to the beneficiaries and the trust will be terminated. The trust's assets consist of cash and equity investments in a managed portfolio that is administered by an outside trustee. The trust is valued using a rate of return of 4% and a discount rate of 3% for the years ended December 31, 2019 and 2018. At December 31, 2019 and 2018, the present value of the future distributions expected to be paid over the term of the trust was \$1,715,528 and \$1,521,590, respectively.

NOTE 6 LIFE INSURANCE PREMIUM ACCOUNT

The Center maintained a life insurance policy with a face value of \$469,000 on a former key employee. The policy was originated under a split-dollar insurance agreement with the insured. In accordance with the agreement, the Center was to be repaid an amount equal to the cumulative total of its share of premiums on the policy. During 2006, the agreement was amended and the Center agreed to pay all premiums for the remainder of the policy, and in exchange, the former employee assigned his beneficiary interest in the policy to the Center. In 2017, the former employee passed away. The Center received policy proceeds of \$525,019 during 2018.

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NOTE 7 FAIR VALUE MEASUREMENT

The Company follows the methods of fair value measurement to value its financial assets. Fair value is based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels has been established, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Financial assets and liabilities carried at fair value at December 31, 2019 and 2018 are classified below in one of three categories described above. The tables below present the balances of assets measured at fair value on a recurring basis.

Assets	2019 Level 1	2019 Level 2	2019 Level 3	2019 Total
Common stocks:				
US large cap	\$ 4,614,831	\$ -	\$ -	\$ 4,614,831
US small-mid cap	509,006	-	-	509,006
International	1,524,817	-	-	1,524,817
Mutual funds:				
Multi-strategy funds	587,002	-	-	587,002
Fixed income funds	627,311	-	-	627,311
Bond funds	149,454	-	-	149,454
Privately managed funds:				
US small-mid cap	-	250,797	-	250,797
International	-	287,953	-	287,953
Preferred stock	-	139,785	-	139,785
Beneficial interest in trusts	-	1,822,835	-	1,822,835
	<u>\$ 8,012,421</u>	<u>\$ 2,501,370</u>	<u>\$ -</u>	<u>\$ 10,513,791</u>

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Assets	2018 Level 1	2018 Level 2	2018 Level 3	2018 Total
Common stocks:				
US large cap	\$ 3,584,720	\$ -	\$ -	\$ 3,584,720
US small-mid cap	411,171	-	-	411,171
International	1,310,680	-	-	1,310,680
Mutual funds:				
Multi-strategy funds	514,035	-	-	514,035
Fixed income funds	591,002	-	-	591,002
Bond funds	146,501	-	-	146,501
Privately managed funds:				
US small-mid cap	-	205,210	-	205,210
International	-	242,412	-	242,412
Government bonds	-	249,896	-	249,896
Preferred stock	-	127,567	-	127,567
Beneficial interest in trusts	-	1,611,447	-	1,611,447
	<u>\$ 6,558,109</u>	<u>\$ 2,436,532</u>	<u>\$ -</u>	<u>\$ 8,994,641</u>

The investments in marketable securities and mutual funds are valued at market prices in active markets and are classified as Level 1. The investments in corporate bonds, privately managed funds and government obligations are valued using a bid-evaluation method which compares the corroborated indicative quotes and other observable market-based data. These investments are classified as Level 2.

The beneficial interest in trusts assets are valued using a valuation model that calculates the net present value of estimated future cash flows and are classified as Level 2 (see note 5).

Assets and liabilities recorded at fair value on a nonrecurring basis - The Center may be required, from time to time, to measure certain assets at fair value on a nonrecurring basis in accordance with GAAP. The adjustments to fair value usually result from the discounting of pledges to present value or write-downs of individual assets. For assets measured at fair value on a nonrecurring basis in 2019 and 2018 that were still held in the balance sheet at each respective year end, the following table provides the fair value hierarchy and the carrying value of the related individual assets or portfolios at year end.

Assets	2019 Level 1	2019 Level 2	2019 Level 3	2019 Total
Contributions receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,921,218</u>	<u>\$ 3,921,218</u>

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	2018 Level 1	2018 Level 2	2018 Level 3	2018 Total
Assets				
Contributions receivable	\$ -	\$ -	\$ 5,817,927	\$ 5,817,927

The contributions receivable are valued using discounted cash flow and life expectancy models and are classified as a Level 3.

The following summarizes fair value measurements using significant Level 3 inputs, and changes therein, for the year ended December 31, 2019:

	<u>Contributions receivable</u>
Balance at January 1, 2019	\$ 5,817,927
New pledges received	664,400
Collections	(2,807,306)
Discount on pledges	<u>246,197</u>
Balance at December 31, 2019	<u>\$ 3,921,218</u>

The following summarizes fair value measurements using significant Level 3 inputs, and changes therein, for the year ended December 31, 2018:

	<u>Contributions receivable</u>
Balance at January 1, 2018	\$ 7,521,963
New pledges received	2,211,783
Collections	(4,184,520)
Discount on pledges	<u>268,701</u>
Balance at December 31, 2018	<u>\$ 5,817,927</u>

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NOTE 8 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2019	2018
Buildings and improvements	\$ 27,602,635	\$ 16,284,575
Equipment	2,530,428	2,874,995
Furniture and fixtures	1,089,305	860,761
Land and improvements	1,070,478	776,502
Vehicles	512,933	614,072
	<u>32,805,779</u>	<u>21,410,905</u>
Accumulated depreciation	<u>(12,965,210)</u>	<u>(13,153,453)</u>
	19,840,569	8,257,452
Construction in progress	50,938	7,205,723
	<u>\$ 19,891,507</u>	<u>\$ 15,463,175</u>

Depreciation expense was \$1,150,786 and \$833,844 for the years ended December 31, 2019 and 2018, respectively.

NOTE 9 INVESTMENT IN SAN DIEGO FOUNDATION

The Center has investments held by the San Diego Foundation, which are classified as with donor restriction as the investments must be maintained in perpetuity. The income from these investments is kept inside the account as part of an endowment. The investments are carried at fair value and totaled \$17,328 and \$15,812 at December 31, 2019 and 2018, respectively.

NOTE 10 INVESTMENT IN RANCHO SANTA FE FOUNDATION

The Center has investments held by the Rancho Santa Fe Foundation, which are classified as with donor restriction as the investments must be maintained in perpetuity. The income from these investments is kept inside the account as part of an endowment. The investments are carried at fair value and totaled \$25,283 and \$21,835 at December 31, 2019 and 2018, respectively.

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NOTE 11 COMMITMENTS

The Center entered into lease agreements for a vehicle, copiers, and postage meter that expire in February 2022, June 2023, and March 2024, respectively. Minimum future payments under non-cancelable operating leases having remaining terms in excess of one year for the years ended December 31, are as follows:

2020	28,388
2021	28,388
2022	23,680
2023	12,553
2024	592
	<u>\$ 93,601</u>

Vehicle lease expense for the years ended December 31, 2019 and 2018 was \$11,591 and \$6,605, respectively. Copier lease expense for the years ended December 31, 2019 and 2018 was \$20,012 and \$7,126, respectively. Postage meter lease expense for the years ended December 31, 2019 and 2018 was \$2,461 and \$0, respectively.

NOTE 12 RETIREMENT PLAN

The Center maintains a tax deferred qualified plan under Section 403(b) of the Internal Revenue Code. Eligible employees may contribute a percentage of their compensation to the plan. Beginning in January 2018, the Center matched a portion of the contribution from all eligible employees. Prior to 2018, the Center matched a portion of the contribution from all eligible employees hired before January 1, 2013. The Center also pays all of the administrative and investment fees for the plan. The total expenses related to the plan for the years ended December 31, 2019 and 2018 were approximately \$128,000 and \$118,000, respectively.

While the Center expects to continue the plan indefinitely, it has reserved the right to modify, amend, or terminate the plan. In the event of termination, the entire amount contributed under the plan must be applied to the payment of benefits to the participants or their beneficiaries.

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NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes at December 31:

	2019	2018
Purpose restricted		
Equine hospital operations	\$ 2,858,041	\$ 2,428,015
Beneficial interests in trusts	1,822,835	1,611,447
Pet encounter therapy operations	334,248	-
Adoptions emergency medical fund	322,290	12,668
CAH Pets Without Walls	167,762	105,756
AniMeals operations	163,797	89,036
General obligations and equipment	114,823	178,807
Companion animal hospital military fund	83,177	-
Therapeutic Riding operations	82,929	44,878
Equine hospital equipment	36,878	38,137
General maintenance operations	35,000	-
Education operations and programs	32,950	6,255
Equipment hospital emergency services	7,330	7,330
Club Pet equipment	5,319	6,619
Adoptions operations and supplies	4,883	18,324
Equine hospital funds	2,282	2,282
Companion animal hospital operations	-	105
	6,074,544	4,549,659
Time restricted for future periods		
Capital campaign pledges (net of discounts)	2,358,901	3,374,318
Bequests (net of discounts)	1,262,317	2,443,609
Perpetual in nature	1,634,952	1,634,952
	\$ 11,330,714	\$ 12,002,538

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Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restriction specified by donors as follows:

	<u>2019</u>	<u>2018</u>
Adoptions operations and supplies	\$ 638,435	\$ 691,027
Adoptions emergency medical fund	421,721	234,676
General obligations and equipment	314,275	594,032
Therapeutic Riding operations	283,086	201,365
Adoptions training and grants	265,573	148,203
Pet encounter therapy operations	173,813	-
Beneficial interests in trusts	116,136	162,113
General maintenance operations	80,000	-
AniMeals operations	76,216	64,740
Education operations and programs	64,310	39,494
CAH Pets Without Walls	32,122	54,052
Equine hospital equipment	2,260	183,005
Club Pet equipment	1,400	5,000
Equine hospital operations	1,390	104,128
Companion animal hospital operations	455	179
Pet Encounter Therapy operations	-	34,668
Companion animal hospital military fund	-	13,163
Foster-a-Horse program	-	4,116
Education scholarship	-	938
Club Pet operations	-	140
Adoptions equipment	-	-
Contributions receivable in future years:		
Capital campaign	1,416,008	1,854,031
Bequests	1,391,297	1,880,489
General operations	-	450,000
	<u>\$ 5,278,497</u>	<u>\$ 6,719,559</u>

At December 31, 2019 and 2018, net assets with donor restrictions totaling \$1,634,952 resulted from donations received in prior years with the stipulation that they be invested to provide a permanent source of income.

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NOTE 14 ENDOWMENT FUND

The Center is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Center's Board of Directors has interpreted the UPMIFA as permitting the expenditure or accumulation of as much of permanent endowment funds as the Center determines to be prudent for the uses, benefits, purposes and duration for which the endowment fund was established, even if this results in the occasional invasion of the endowments historical gift value. Thus, at times, the value of donor-restricted assets may fall below the level that a donor requires the Center to maintain as permanently restricted net assets. As of December 31, 2019 and 2018, the value of the donor-restricted assets had not fallen below the original donated level.

Donor-restricted endowment net assets of \$1,634,952 are held in perpetuity at December 31, 2019 and 2018, the distributions from which are to be used for general operations of the Center. The center classifies as net assets with donor restrictions (to be held in perpetuity) (a) the original value of gifts used to establish permanent endowments and (b) the original value of subsequent gifts to permanent endowments: collectively known as "historical gift value". Board designated endowment funds are classified as net assets without donor restrictions, available to be appropriated for expenditure by the Center.

Included in investments on the Statement of Financial Position are donor restricted and board designated long-term investments held in an endowment fund. The objective of the endowment fund is to support the continuing operations of the Center. The Center's Board of Directors have delegated authority over the investment of the Endowment Fund to the Investment Committee (the "Committee"). The Committee is responsible for the oversight of the investments of the Endowment Fund and for reporting on the Fund's performance to the Board. The Committee is authorized to retain an investment manager to make investment decisions.

To achieve the desired objective, the Center has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to meet the annual distribution policy rules while growing the fund if possible. Investment risk is measured in terms of the total endowment fund, investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Endowment payout is defined as a fixed percentage currently set at 5% of the market value of the Endowment Funds. This amount will be available for center wide operating purposes, including investment management fees for the Endowment Fund.

The portion of the Endowment Fund that is classified as with donor restrictions (to be held in perpetuity) is not reduced by losses on the investments of the fund. Losses on the investments of the funds reduce the net assets with donor restrictions to the extent that donor-imposed temporary restrictions on net appreciation of the fund have not been met before the loss occurs. Any remaining losses reduce net assets without donor restrictions.

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During 2019, the Center had the following endowment related activities:

	With donor restrictions	Without donor restrictions	Total
Investment income	\$ 21,368	\$ 75,442	\$ 96,810
Unrealized gain on investments	265,567	878,154	1,143,721
Amounts appropriated for expenditures	(62,017)	(218,960)	(280,977)
Investment and trustee fees	(11,834)	(41,780)	(53,614)
Total change in endowment funds	<u>\$ 213,084</u>	<u>\$ 692,856</u>	<u>\$ 905,940</u>

During 2018, the Center had the following endowment related activities:

	With donor restrictions	Without donor restrictions	Total
Investment income	\$ 34,218	\$ 120,811	\$ 155,029
Unrealized loss on investments	(128,420)	(425,976)	(554,396)
Amounts appropriated for expenditures	(64,428)	(227,469)	(291,897)
Investment and trustee fees	(12,141)	(42,865)	(55,006)
Total change in endowment funds	<u>\$ (170,771)</u>	<u>\$ (575,499)</u>	<u>\$ (746,270)</u>

Endowment net asset composition by type of fund as of December 31, 2019:

	With donor restrictions	Without donor restrictions	Endowment net assets
Donor-restricted endowment funds	\$ 1,634,952	\$ -	\$ 1,634,952
Board-designated endowment funds	-	4,310,348	4,310,348
Total funds	<u>\$ 1,634,952</u>	<u>\$ 4,310,348</u>	<u>\$ 5,945,300</u>

Changes in endowment net assets as of December 31, 2019 are as follows:

	With donor restrictions	Without donor restrictions	Total endowment net assets
Endowment net assets, beginning of year	\$ 1,634,952	\$ 3,404,408	\$ 5,039,360
Investment income	-	96,810	96,810
Unrealized gain on investments	-	1,143,721	1,143,721
Amounts appropriated for expenditure	-	(280,977)	(280,977)
Investment and trustee fees	-	(53,614)	(53,614)
Endowment net assets, end of year	<u>\$ 1,634,952</u>	<u>\$ 4,310,348</u>	<u>\$ 5,945,300</u>

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Endowment net asset composition by type of fund as of December 31, 2018:

	<u>With donor restrictions</u>	<u>Without donor restrictions</u>	<u>Endowment net assets</u>
Donor-restricted endowment funds	\$ 1,634,952	\$ -	\$ 1,634,952
Board-designated endowment funds	-	3,404,408	\$ 3,404,408
Total funds	<u>\$ 1,634,952</u>	<u>\$ 3,404,408</u>	<u>\$ 5,039,360</u>

Changes in endowment net assets as of December 31, 2018 are as follows:

	<u>With donor restrictions</u>	<u>Without donor restrictions</u>	<u>Total endowment net assets</u>
Endowment net assets, beginning of year	\$ 1,634,952	\$ 4,150,678	\$ 5,785,630
Investment income	-	155,029	155,029
Unrealized loss on investments	-	(554,396)	(554,396)
Amounts appropriated for expenditure	-	(291,897)	(291,897)
Investment and trustee fees	-	(55,006)	(55,006)
Endowment net assets, end of year	<u>\$ 1,634,952</u>	<u>\$ 3,404,408</u>	<u>\$ 5,039,360</u>

NOTE 15 LIQUIDITY AND AVAILABILITY

The Center is substantially supported by contributions without donor restrictions and program fees. The support, fee revenue, and program expenses are monitored on a monthly basis by the Center's management and board. The level of assets are monitored on an annual basis. The Center's goal is to be able to function within the boundaries of the income received throughout the year.

Although the Center does not currently have any credit lines established, they have enough liquid resources to last seven months of normal expenditures with no income. Also, the Center owns real property that can be leveraged in the event that a line of credit needs to be established.

As part of the Center's liquidity management, it has structured its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Center manages its liquidity following three guiding principles: operating within a prudent range of financial stewardship and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient funds to provide reasonable assurance that long-term obligations will be discharged.

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The following reflects the Center's financial assets as of the December 31, 2019 balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets, at year-end:

Cash	\$ 5,512,591
Accounts receivable	49,434
Contributions receivable	3,921,218
Investments	8,690,957
Beneficial interest in trusts	1,822,835
Investment in San Diego Foundation	17,328
Investment in Rancho Santa Fe Foundation	<u>25,283</u>
Total financial assets	20,039,646

Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:

Restricted by purpose	(9,695,762)
Foundation investments	(42,611)
Restricted by time	<u>(1,634,952)</u>
Total amounts not available to be used within one year	(11,373,325)

Financial assets available to meet cash needs for general expenditures within one year

\$ 8,666,321

NOTE 16 SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 2, 2020 the date the financial statements were available to be issued. As a result of the spread of the COVID-19 Coronavirus and the resulting stay-at-home orders issued by the State of California, the state in which the Center operates, the Center has not seen a negative change to its overall revenue to date. However, the related financial impact and duration cannot be reasonably estimated at this time.