

**HELEN WOODWARD ANIMAL CENTER
FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

HELEN WOODWARD ANIMAL CENTER

	<u>Pages</u>
I Index	1
II Independent auditor's report	2 - 3
III Statements of financial position	4
IV Statements of activities and changes in net assets	5 - 6
V Statements of functional expenses	7 - 8
VI Statements of cash flows	9
VII Notes to the financial statements	10 - 29



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Helen Woodward Animal Center

Opinion

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, 2022 and 2021, 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.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Helen Woodward Animal Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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, 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 Helen Woodward Animal Center's to continue as a going concern within one year after the date that the 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not

detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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



CONSIDINE & CONSIDINE
An accountancy corporation

September 6, 2023

**HELEN WOODWARD ANIMAL CENTER
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021**

Page 4

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 28,476,844	\$ 25,034,627
Accounts receivable	95,474	89,422
Inventory	40,289	31,850
Prepaid expenses	101,394	55,276
Contributions receivable (note 3)	7,917,157	4,714,944
Investments (note 4)	11,674,806	12,148,566
Beneficial interest in trusts (note 5)	2,216,273	1,405,254
Property and equipment (note 7)	16,885,867	17,944,394
Investment in San Diego Foundation (note 8)	19,074	20,410
Investment in Rancho Santa Fe Foundation (note 9)	27,807	31,857
Other assets	10,600	10,600
	67,465,585	61,487,200
TOTAL ASSETS		
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	134,045	289,527
Accrued payroll	410,008	317,712
Accrued compensated absences	412,990	353,074
Security deposits	2,220	2,220
	959,263	962,533
TOTAL LIABILITIES		
NET ASSETS		
Net assets without donor restrictions		
Undesignated	40,522,306	37,946,756
Board designated	9,907,284	9,837,005
	50,429,590	47,783,761
Total net assets without donor restrictions		
Net assets with donor restrictions (note 11)		
Purpose restricted	6,524,623	6,391,010
Time restricted for future periods	7,917,157	4,714,944
Perpetual in nature	1,634,952	1,634,952
	16,076,732	12,740,906
Total net assets with donor restrictions		
	66,506,322	60,524,667
TOTAL NET ASSETS		
	\$ 67,465,585	\$ 61,487,200
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, 2022

Page 5

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE			
Contributions	\$ 9,450,932	\$ 7,941,315	\$ 17,392,247
Fees	6,608,445	-	6,608,445
Investment return - net (note 4)	(2,620,579)	-	(2,620,579)
Special events (less: direct benefit to donors of \$13,020)	1,121,667	-	1,121,667
Sales (less: cost of sales of \$231,938)	1,068,118	-	1,068,118
Other income	154,987	-	154,987
Rents	25,983	-	25,983
Contributed goods	330,586	-	330,586
Change in value of split-interest agreements	-	(62,164)	(62,164)
	<u>16,140,139</u>	<u>7,879,151</u>	<u>24,019,290</u>
NET ASSETS RELEASED FROM RESTRICTION	4,543,325	(4,543,325)	-
EXPENSES:			
Program	13,725,644	-	13,725,644
Fundraising	3,061,663	-	3,061,663
Management and general	1,250,328	-	1,250,328
	<u>18,037,635</u>	<u>-</u>	<u>18,037,635</u>
CHANGE IN NET ASSETS	2,645,829	3,335,826	5,981,655
NET ASSETS, BEGINNING OF YEAR	<u>47,783,761</u>	<u>12,740,906</u>	<u>60,524,667</u>
NET ASSETS, END OF YEAR	<u>\$ 50,429,590</u>	<u>\$ 16,076,732</u>	<u>\$ 66,506,322</u>

See accompanying notes

HELEN WOODWARD ANIMAL CENTER
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

Page 6

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE			
Contributions	\$ 11,399,985	\$ 5,411,849	\$ 16,811,834
Fees	5,650,476	-	5,650,476
Investment return - net (note 4)	1,833,759	-	1,833,759
Special events (less: direct benefit to donors of \$9,080)	695,457	-	695,457
Sales (less: cost of sales of \$212,766)	897,017	-	897,017
Other income	145,017	-	145,017
Rents	25,261	-	25,261
Contributed goods	242,474		242,474
Change in value of split-interest agreements	-	39,819	39,819
	<u>20,889,446</u>	<u>5,451,668</u>	<u>26,341,114</u>
NET ASSETS RELEASED FROM RESTRICTION	4,065,497	(4,065,497)	-
EXPENSES:			
Program	11,651,630	-	11,651,630
Fundraising	2,806,989	-	2,806,989
Management and general	1,072,610	-	1,072,610
	<u>15,531,229</u>	<u>-</u>	<u>15,531,229</u>
CHANGE IN NET ASSETS	9,423,714	1,386,171	10,809,885
NET ASSETS, BEGINNING OF YEAR	<u>38,360,047</u>	<u>11,354,735</u>	<u>49,714,782</u>
NET ASSETS, END OF YEAR	<u>\$ 47,783,761</u>	<u>\$ 12,740,906</u>	<u>\$ 60,524,667</u>

See accompanying notes

HELEN WOODWARD ANIMAL CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	PROGRAM SERVICES										FUNDRAISING ACTIVITIES			
	COMPANION ANIMAL HOSPITAL	EQUINE HOSPITAL	ADOPTIONS	BOARDING	EDUCATION	THERAPEUTIC RIDING	PET ENCOUNTER THERAPY	ANIMALS	TOTAL PROGRAM SERVICES	FUNDRAISING	SPECIAL EVENTS	TOTAL FUNDRAISING ACTIVITIES	MANAGEMENT AND GENERAL	TOTAL
EXPENSES														
Salaries, wages and related benefits	\$ 1,823,556	\$ 676,809	\$ 2,895,779	\$ 1,037,219	\$ 985,539	\$ 472,816	\$ 242,482	\$ 75,447	\$ 8,207,447	\$ 1,789,741	\$ -	\$ 1,789,741	\$ 710,722	\$ 10,707,910
Operating supplies and expenses	873,568	222,985	892,228	300,315	238,101	94,136	31,835	124,691	2,777,859	290,920	24,535	315,455	281,514	3,374,828
Printing, advertising, and postage	3,359	2,048	27,170	1,702	23,798	1,671	1,669	1,664	63,081	164,475	159,156	323,631	1,661	388,373
Outside services	190,876	11,640	645,490	38,036	28,295	1,650	1,273	-	917,260	55,655	148,814	204,469	-	1,121,729
Other	77,559	14,813	49,136	43,835	67,077	6,939	102	21	259,482	109,024	33,624	142,648	-	402,130
Maintenance, repairs and equipment rental	26,474	15,874	22,471	3,950	4,119	6,624	1,011	534	81,057	7,660	47,625	55,285	-	136,342
Donated goods and services	8,621	5	181,246	4,498	2,121	4,965	-	107,707	309,163	11,307	89,560	100,867	10,116	420,146
Office expenses	5,874	1,958	4,550	1,421	823	64	65	159	14,914	13,425	387	13,812	-	28,726
Capital campaign expenses	-	-	-	-	-	-	-	-	-	25,229	-	25,229	-	25,229
Total expenses before depreciation	3,009,887	946,132	4,718,070	1,430,976	1,349,673	588,865	278,437	308,223	12,630,263	2,467,436	503,701	2,971,137	1,004,013	16,605,413
Depreciation	315,264	63,925	662,708	39,646	8,237	2,648	888	2,065	1,095,381	103,546	-	103,546	246,315	1,445,242
TOTAL EXPENSES	3,325,151	1,010,057	5,380,778	1,470,622	1,357,910	591,513	279,325	310,288	13,725,644	2,570,982	503,701	3,074,683	1,250,328	18,050,655
Less: Direct benefits to donors at special events included in revenue	-	-	-	-	-	-	-	-	-	-	(13,020)	(13,020)	-	(13,020)
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES	\$ 3,325,151	\$ 1,010,057	\$ 5,380,778	\$ 1,470,622	\$ 1,357,910	\$ 591,513	\$ 279,325	\$ 310,288	\$ 13,725,644	\$ 2,570,982	\$ 490,681	\$ 3,061,663	\$ 1,250,328	\$ 18,037,635

HELEN WOODWARD ANIMAL CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	PROGRAM SERVICES										FUNDRAISING ACTIVITIES			
	COMPANION ANIMAL HOSPITAL	EQUINE HOSPITAL	ADOPTIONS	BOARDING	EDUCATION	THERAPEUTIC RIDING	PET ENCOUNTER THERAPY	ANIMALS	TOTAL PROGRAM SERVICES	FUNDRAISING	SPECIAL EVENTS	TOTAL FUNDRAISING ACTIVITIES	MANAGEMENT AND GENERAL	TOTAL
EXPENSES														
Salaries, wages and related benefits	\$ 1,320,993	\$ 606,959	\$ 2,390,411	\$ 1,024,511	\$ 788,403	\$ 413,789	\$ 231,172	\$ 94,464	\$ 6,870,702	\$ 1,660,437	\$ -	\$ 1,660,437	\$ 595,453	\$ 9,126,592
Operating supplies and expenses	696,712	209,819	781,478	236,046	158,511	66,874	29,651	167,829	2,346,920	204,230	12,987	217,217	225,524	2,789,661
Printing, advertising, and postage	2,335	821	18,534	1,107	21,492	678	672	668	46,307	198,323	152,740	351,063	664	398,034
Outside services	158,404	13,456	507,346	50,654	20,487	6,115	359	-	756,821	43,463	110,425	153,888	-	910,709
Other	58,244	17,711	66,336	34,266	17,426	5,105	166	-	201,254	86,739	29,601	116,340	-	317,594
Maintenance, repairs and equipment rental	32,473	10,654	15,940	3,150	5,680	6,284	761	256	75,198	7,550	20,222	27,772	-	102,970
Donated goods and services	667	244	175,036	2,432	608	8,234	220	51,534	238,975	2,189	154,712	156,901	1,310	397,186
Office expenses	2,134	289	3,928	1,378	635	179	34	207	8,784	5,750	422	6,172	7	14,963
Capital campaign expenses	-	-	-	-	-	-	-	-	-	19,192	-	19,192	-	19,192
Total expenses before depreciation	2,271,962	859,953	3,961,009	1,353,544	1,013,242	507,258	263,035	314,958	10,544,961	2,227,873	481,109	2,708,982	822,958	14,076,901
Depreciation	320,411	64,424	656,236	40,224	13,328	8,882	1,119	2,045	1,106,669	107,087	-	107,087	249,652	1,463,408
TOTAL EXPENSES	2,592,373	924,377	4,617,245	1,393,768	1,026,570	516,140	264,154	317,003	11,651,630	2,334,960	481,109	2,816,069	1,072,610	15,540,309
Less: Direct benefits to donors at special events included in revenue	-	-	-	-	-	-	-	-	-	-	(9,080)	(9,080)	-	(9,080)
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES	\$ 2,592,373	\$ 924,377	\$ 4,617,245	\$ 1,393,768	\$ 1,026,570	\$ 516,140	\$ 264,154	\$ 317,003	\$ 11,651,630	\$ 2,334,960	\$ 472,029	\$ 2,806,989	\$ 1,072,610	\$ 15,531,229

**HELEN WOODWARD ANIMAL CENTER
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

Page 9

	2022	2021
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 5,981,655	\$ 10,809,885
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES		
Depreciation	1,445,242	1,463,408
Net unrealized (gain)/loss on investments	2,977,753	(1,425,871)
Change in value of split-interest agreements	62,164	(39,819)
Change in operating assets and liabilities:		
Accounts receivable	(6,052)	17,430
Inventory	(8,439)	7,603
Prepaid expenses, deposits, and other assets	(46,118)	12,796
Contributions receivable	(4,497,251)	(2,641,793)
Beneficial interest in trusts	(1,068,368)	295,942
Accounts payable and accrued expenses	(155,482)	(71,942)
Accrued payroll	92,296	38,015
Accrued compensated absences	59,916	(9,419)
	(1,144,339)	(2,353,650)
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,837,316	8,456,235
CASH FLOWS USED BY INVESTING ACTIVITIES		
Purchase of property and equipment	(386,717)	(504,073)
Proceeds from sale of investments	2,661,747	200,693
Purchase of investments	(5,160,352)	(1,615,568)
Distribution received from beneficial interest in trusts	195,185	162,682
	(2,690,137)	(1,756,266)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Collections of contributions restricted for capital campaign	1,295,038	1,490,573
NET INCREASE IN CASH	3,442,217	8,190,542
CASH, BEGINNING OF YEAR	25,034,627	16,844,085
CASH, END OF YEAR	\$ 28,476,844	\$ 25,034,627

See accompanying notes

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

Page 10

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.

The Center also operates a designer resale shop to promote sustainable living and shopping, supplied with quality donated items including housewares, furniture, clothing and jewelry.

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.

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

Page 11

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.

Net assets with donor restrictions - These net assets 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. These net assets also include amounts that are restricted by donors that neither expire by the passage of time nor can be fulfilled or removed by actions of the Foundation. Some donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. At December 31, 2022 and 2021, the Center had net assets with donor restrictions of \$16,076,732 and \$12,740,906, 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, 2022 and 2021 are balances of \$1,120,204 and \$3,015,478, respectively, held in money market accounts.

Accounts receivable - Accounts receivable consist primarily of balances 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 (pledges and bequests) and are recorded in the year the promise is made. Conditional promises are not recognized until the conditions are substantially met. Contributions that are expected to be collected within one year are recorded at their net realizable value. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

Page 12

contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. 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. Management has determined all contributions to be collectible at December 31, 2022 and 2021.

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

The Center follows 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, which 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.

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.

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.

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

Page 13

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

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, 2022 and 2021, net assets without donor restrictions totaling \$9,907,284 and \$9,837,005, 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 \$330,586 and \$242,474 for the years ended December 31, 2022 and 2021, respectively. 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 2022 and 2021. 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.

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

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 mailing campaigns include joint costs not directly attributable to program, management and general components or the fundraising component of the activities. These joint costs were allocated as follows:

	2022	2021
Fundraising	\$ 29,047	\$ 22,139
Adoptions	22,995	15,268
Companion animal hospital	1,664	668
Equine hospital	1,664	668
Boarding	1,664	668
Education	1,664	668
Therapeutic Riding	1,664	668
Pet Encounter Therapy	1,664	668
AniMeals	1,664	668
Management and general	1,664	668
	\$ 65,354	\$ 42,751

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, 2022 and 2021, 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.

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.

Recent accounting pronouncements

In February 2016, FASB issued ASU 2016-02 Leases (Topic 842). In July 2018, FASB issued two updates to ASU 2016-02, ASU 2018-10, Codification Improvements to Topic 842 Leases, and ASU 2018-11, Leases (Topic 842): Targeted Improvements. The new standard is effective for fiscal years beginning after December 15, 2021. The Center adopted Topic 842 as of January 1, 2022 by recognizing and measuring leases at the adoption date with cumulative effect of initially applying the guidance recognized at the date of initial application and as a result did not restate the prior periods presented in the financial statements. The Center elected certain practical expedients permitted under the transitional guidance, including retaining historical lease classification, evaluating whether any expired contracts are or contain

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

Page 15

leases, and not applying hindsight in determining the lease term. Lastly, the Center elected the short-term lease exception for all classes of assets, and therefore does not apply the recognition requirements for leases of 12 months or less. Options to renew a lease are only included in the lease term to the extent those options are reasonably certain to be exercised.

The Center categorizes long-term leases as either operating or finance. Finance leases are generally those leases that allow the Center to substantially utilize or pay for the entire asset of its estimated life. The Center had no finance leases at December 31, 2022.

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following at December 31:

	2022	2021
Bequests	\$ 6,914,724	\$ 2,024,622
Pledges (due in excess of one year)	1,022,950	1,979,208
Pledges (due in less than one year)	1,269,758	1,668,472
	9,207,432	5,672,302
Less: discount pledges	(56,004)	(178,040)
Less: discount bequests	(1,234,271)	(779,318)
	\$ 7,917,157	\$ 4,714,944

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

2023	\$ 1,269,758
2024	572,450
2025	450,500
	\$ 2,292,708

The discounts on pledges 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 2022 and 2021.

The Center records bequests upon notification of donor's passing or receipt of a charitable pledge agreement. 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 charitable pledge agreement bequests are valued each year using discounts based on the life expectancy of the donors and using the applicable U.S. Treasury yield curve rate. Between December 31, 2021 and December 31, 2022, the discount rates ranged from 1.52% to 4.14%. The Center allocates a percentage of all bequests collected to the board designated endowment fund.

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

Page 16

NOTE 4 INVESTMENTS

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

	<u>2022</u>	<u>2021</u>
Common stocks	\$ 8,654,506	\$ 10,185,051
Mutual funds	2,638,879	1,826,063
Preferred stock	381,421	137,452
	<u>\$ 11,674,806</u>	<u>\$ 12,148,566</u>

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

	<u>2022</u>	<u>2021</u>
Net realized and unrealized gain on investments	\$ (2,660,018)	\$ 1,855,644
Interest and dividend income	163,743	94,081
Less: investment fees	(124,304)	(115,966)
	<u>\$ (2,620,579)</u>	<u>\$ 1,833,759</u>

NOTE 5 BENEFICIAL INTEREST IN TRUSTS

During 2022, the Center became 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 5.2% for the year ended December 31, 2022. At December 31, 2022, the trust had a value of \$1,025,393 and was shown net of a discount of \$382,786.

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 5.2% and 1.6% for the years ended December 31, 2022 and 2021, respectively. At December 31, 2022, the trust had a value of \$305,898 and was shown net of a discount of \$210,884. At December 31, 2021, the trust had a value of \$390,733, and was shown net of a discount of \$233,555.

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, 2022 and 2021. At December 31, 2022 and 2021, the present value of the future

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

Page 17

distributions expected to be paid over the term of the trust was \$1,478,652 and \$1,248,076, respectively.

NOTE 6 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.

The investments in common stock and mutual funds are actively traded and classified as Level 1.

The investments in preferred stock are not actively traded and use other observable inputs to determine fair value. These assets 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).

The bequest receivables are valued using the discounted future cash flow and life expectancy models and are classified as a Level 3.

The pledge receivables are valued using the discounted future cash flow and are classified as a Level 3.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Center 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 and the reporting date. There are no changes in the methods used to measure fair value at December 31, 2022 and 2021.

Financial assets and liabilities carried at fair value at December 31, 2022 and 2021 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.

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

Page 18

Assets	2022 Level 1	2022 Level 2	2022 Level 3	2022 Total
Common stocks:				
US large cap	\$ 5,579,885	\$ -	\$ -	\$ 5,579,885
US small-mid cap	1,303,753	-	-	1,303,753
International	1,112,395	-	-	1,112,395
Other	658,473	-	-	658,473
Mutual funds:				
Multi-strategy funds	392,164	-	-	392,164
Fixed income funds	2,246,715	-	-	2,246,715
Preferred stock	-	381,421	-	381,421
Beneficial interest in trusts	-	2,216,273	-	2,216,273
Bequest receivable	-	-	5,680,453	5,680,453
	<u>\$ 11,293,385</u>	<u>\$ 2,597,694</u>	<u>\$ 5,680,453</u>	<u>\$ 19,571,532</u>

The following summarizes fair value measurements using significant Level 3 inputs, and changes therein, for the year ended December 31, 2022:

	Bequest receivable
Balance at January 1, 2022	\$ 1,245,304
New bequests recorded	4,903,502
Collections	(13,400)
Change in discount on bequests	(454,953)
Balance at December 31, 2022	<u>\$ 5,680,453</u>

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

Page 19

Assets	2021 Level 1	2021 Level 2	2021 Level 3	2021 Total
Common stocks:				
US large cap	\$ 7,580,020	\$ -	\$ -	\$ 7,580,020
US small-mid cap	1,548,795	-	-	1,548,795
International	952,636	-	-	952,636
Other	103,600	-	-	103,600
Mutual funds:				
Multi-strategy funds	490,059	-	-	490,059
Fixed income funds	1,189,785	-	-	1,189,785
Bond funds	146,219	-	-	146,219
Preferred stock	-	137,452	-	137,452
Beneficial interest in trusts	-	1,405,254	-	1,405,254
Bequest receivable	-	-	1,245,304	1,245,304
	<u>\$ 12,011,114</u>	<u>\$ 1,542,706</u>	<u>\$ 1,245,304</u>	<u>\$ 14,799,124</u>

The following summarizes fair value measurements using significant Level 3 inputs, and changes therein, for the year ended December 31, 2021:

	Bequest receivable
Balance at January 1, 2021	\$ 1,560,628
New bequests recorded	-
Collections	(165,391)
Change in discount on bequests	(149,933)
Balance at December 31, 2021	<u>\$ 1,245,304</u>

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 2022 and 2021 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.

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

Page 20

	2022 Level 1	2022 Level 2	2022 Level 3	2022 Total
Assets				
Pledge receivables	<u>\$ -</u>	<u>\$ -</u>	<u>2,236,704</u>	<u>\$ 2,236,704</u>

	2021 Level 1	2021 Level 2	2021 Level 3	2021 Total
Assets				
Pledge receivables	<u>\$ -</u>	<u>\$ -</u>	<u>3,469,640</u>	<u>\$ 3,469,640</u>

The following summarizes fair value measurements using significant Level 3 inputs, and changes therein, for the year ended December 31, 2022:

	Pledges receivable
Balance at January 1, 2022	<u>\$ 3,469,640</u>
New pledges received	390,066
Collections	(1,745,038)
Change in discount on pledges	122,036
Balance at December 31, 2022	<u>\$ 2,236,704</u>

The following summarizes fair value measurements using significant Level 3 inputs, and changes therein, for the year ended December 31, 2021:

	Pledges receivable
Balance at January 1, 2021	<u>\$ 2,003,096</u>
New pledges received	3,529,814
Collections	(1,945,573)
Change in discount on pledges	(117,697)
Balance at December 31, 2021	<u>\$ 3,469,640</u>

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

Page 21

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2022	2021
Buildings and improvements	\$ 27,702,650	\$ 27,647,679
Equipment	2,794,263	2,773,235
Furniture and fixtures	1,097,277	1,096,068
Land and improvements	1,318,591	1,137,328
Vehicles	684,366	684,366
	33,597,147	33,338,676
Accumulated depreciation	(17,361,679)	(15,916,436)
	16,235,468	17,422,240
Construction in progress	650,399	522,154
	\$ 16,885,867	\$ 17,944,394

Depreciation expense was \$1,445,242 and \$1,463,408 for the years ended December 31, 2022 and 2021, respectively.

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 will begin in October 2023. Management estimates the cost of the phase to be approximately \$13.7 million, and be completed by May 2025. 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.

NOTE 8 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 \$19,074 and \$20,410 at December 31, 2022 and 2021, respectively.

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

Page 22

NOTE 9 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 \$27,807 and \$31,857 at December 31, 2022 and 2021, respectively.

NOTE 10 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 certain administrative fees for the plan. The total expenses related to the plan for the years ended December 31, 2022 and 2021 were approximately \$166,000 and \$154,000, 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.

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

Page 23

NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS

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

	2022	2021
Purpose restricted		
Equine hospital operations	\$ 2,692,172	\$ 3,429,818
Beneficial interests in trusts	2,216,273	1,405,253
Adoptions transfer grants and medical supplies	710,303	645,476
AniMeals operations	329,016	314,613
CAH Pets Without Walls	208,757	325,458
Equine hospital equipment	143,849	109,384
Therapeutic Riding operations	85,257	74,631
Companion animal hospital military fund	58,654	5,926
General obligations and equipment	38,533	56,617
Education operations and programs	26,655	6,620
Equipment hospital emergency services	6,830	6,830
Pet encounter therapy operations	4,950	5,230
Equine hospital funds	3,278	3,078
Adoptions operations and supplies	96	120
General maintenance operations	-	1,956
	6,524,623	6,391,010
Time restricted for future periods		
Bequests (net of discounts)	5,680,453	1,245,304
Pledges (net of discounts)	2,236,704	3,469,640
	7,917,157	4,714,944
Perpetual in nature	1,634,952	1,634,952
	\$ 16,076,732	\$ 12,740,906

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

Page 24

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

	2022	2021
Adoptions operations and supplies	\$ 787,566	\$ 851,716
Adoptions transfer grants and disaster RV	367,428	317,348
Adoptions emergency medical fund	360,614	391,171
General Ukraine animals	272,938	-
Beneficial interests in trusts	216,773	164,340
Therapeutic Riding operations	189,912	156,226
CAH Pets Without Walls	128,937	32,514
AniMeals operations	127,516	50,556
Pet encounter therapy operations	116,905	158,055
General obligations and equipment	84,434	124,638
General maintenance operations	81,956	80,496
Equine hospital equipment	15,535	6,216
Companion animal hospital military fund	15,201	59,710
Education operations and programs	10,015	6,649
General volunteer operations	8,000	-
Club Pet equipment	500	4,116
Equine hospital operations	400	479
Companion animal hospital operations	257	102
Club Pet operations	-	201
Contributions receivable in future years:		
Pledges	1,745,038	1,495,573
Bequests	13,400	165,391
	\$ 4,543,325	\$ 4,065,497

At December 31, 2022 and 2021, 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.

NOTE 12 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 in perpetuity. As of December 31, 2022 and 2021, the value of the donor-restricted assets had not fallen below the original donated level.

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

Page 25

Donor-restricted endowment net assets of \$1,634,952 are held in perpetuity at December 31, 2022 and 2021, 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. The Center allocates a percentage of all bequests collected to the board designated endowment fund.

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.

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

Page 26

During 2022, the Center had the following endowment related activities:

	<u>With donor restrictions</u>	<u>Without donor restrictions</u>	<u>Total</u>
Investment income	\$ 80,878	\$ 285,550	\$ 366,428
Unrealized loss on investments	(256,791)	(2,050,454)	(2,307,245)
Contributions	-	2,612,915	2,612,915
Amounts appropriated for expenditures	(111,731)	(394,480)	(506,211)
Investment and trustee fees	(21,103)	(74,505)	(95,608)
Total change in endowment funds	<u>\$ (308,747)</u>	<u>\$ 379,026</u>	<u>\$ 70,279</u>

During 2021, the Center had the following endowment related activities:

	<u>With donor restrictions</u>	<u>Without donor restrictions</u>	<u>Total</u>
Investment income	\$ 61,657	\$ 217,687	\$ 279,344
Unrealized gain on investments	183,412	962,169	1,145,581
Contributions	-	2,659,012	2,659,012
Fund loan repayment	-	124,730	124,730
Amounts appropriated for expenditures	(87,580)	(309,211)	(396,791)
Investment and trustee fees	(18,429)	(65,066)	(83,495)
Total change in endowment funds	<u>\$ 139,060</u>	<u>\$ 3,589,321</u>	<u>\$ 3,728,381</u>

Endowment net asset composition by type of fund as of December 31, 2022:

	<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	-	9,907,284	9,907,284
Total funds	<u>\$ 1,634,952</u>	<u>\$ 9,907,284</u>	<u>\$ 11,542,236</u>

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

Page 27

Changes in endowment net assets as of December 31, 2022 are as follows:

	With donor restrictions	Without donor restrictions	Total endowment net assets
Endowment net assets, beginning of year	\$ 1,634,952	\$ 9,837,005	\$ 11,471,957
Investment income	-	366,428	366,428
Unrealized loss on investments	-	(2,307,245)	(2,307,245)
Contributions	-	2,612,915	2,612,915
Amounts appropriated for expenditure	-	(506,211)	(506,211)
Investment and trustee fees	-	(95,608)	(95,608)
Endowment net assets, end of year	<u>\$ 1,634,952</u>	<u>\$ 9,907,284</u>	<u>\$ 11,542,236</u>

Endowment net asset composition by type of fund as of December 31, 2021:

	With donor restrictions	Without donor restrictions	Endowment net assets
Donor-restricted endowment funds	\$ 1,634,952	\$ -	\$ 1,634,952
Board-designated endowment funds	-	9,837,005	\$ 9,837,005
Total funds	<u>\$ 1,634,952</u>	<u>\$ 9,837,005</u>	<u>\$ 11,471,957</u>

Changes in endowment net assets as of December 31, 2021 are as follows:

	With donor restrictions	Without donor restrictions	Total endowment net assets
Endowment net assets, beginning of year	\$ 1,634,952	\$ 6,108,624	\$ 7,743,576
Investment income	-	279,344	279,344
Unrealized gain on investments	-	1,145,581	1,145,581
Contributions	-	2,659,012	2,659,012
Fund loan repayment	-	124,730	124,730
Amounts appropriated for expenditure	-	(396,791)	(396,791)
Investment and trustee fees	-	(83,495)	(83,495)
Endowment net assets, end of year	<u>\$ 1,634,952</u>	<u>\$ 9,837,005</u>	<u>\$ 11,471,957</u>

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

Page 28

NOTE 13 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 cover approximately two years 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.

The following reflects the Center's financial assets as of the December 31, 2022 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	\$ 28,476,844
Accounts receivable	95,474
Contributions receivable	7,917,157
Investments	11,674,806
Beneficial interest in trusts	2,216,273
Investment in San Diego Foundation	19,074
Investment in Rancho Santa Fe Foundation	27,807
Total financial assets	<u>50,427,435</u>
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:	
Restricted by purpose	(14,441,780)
Foundation investments	(46,881)
Restricted by time	<u>(1,634,952)</u>
Total amounts not available to be used within one year	<u>(16,123,613)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 34,303,822</u></u>

**HELEN WOODWARD ANIMAL CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

Page 29

NOTE 14 SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 6, 2023 the date the financial statements were available to be issued. There were no material subsequent events which affected the amounts or disclosures in the financial statements.