

GEAUGA COUNTY HUMANE SOCIETY, INC.
DBA RESCUE VILLAGE
AND
THE RESCUE VILLAGE FOUNDATION

CONSOLIDATED FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

December 31, 2023

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MEADEN & MOORE

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Geauga County Humane Society, Inc.
dba Rescue Village
The Rescue Village Foundation
Novelty, Ohio

Report on the Audits of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Geauga County Humane Society, Inc. dba Rescue Village and The Rescue Village Foundation (nonprofit organizations), which comprise the consolidated statement of financial position as of December 31, 2023 and 2022, and the related consolidated statements of changes in net assets, activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of Geauga County Humane Society, Inc. dba Rescue Village and The Rescue Village Foundation as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Geauga County Humane Society, Inc. dba Rescue Village and The Rescue Village Foundation 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Geauga County Humane Society, Inc. dba Rescue Village and The Rescue Village Foundation's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 21 and 22 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Meaden & Moore, Ltd.
Cleveland, Ohio

September 19, 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Geauga County Humane Society, Inc.
dba Rescue Village
and
The Rescue Village Foundation

December 31

ASSETS	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,238,454	\$ 1,661,178
Investments	19,688,740	17,200,895
Pledges receivable	242,710	385,185
ERC refunds receivable	158,038	274,591
Inventory	74,907	47,101
Prepaid expenses and deposits	6,596	21,198
Property and equipment - net	<u>3,483,784</u>	<u>3,518,056</u>
Total Assets	<u>\$ 25,893,229</u>	<u>\$ 23,108,204</u>
LIABILITIES		
Accounts payable	\$ 11,020	\$ 14,265
Accrued expenses	107,012	80,877
Deferred revenue	<u>109</u>	<u>1,571</u>
Total Liabilities	118,141	96,713
NET ASSETS		
Without Donor Restrictions:		
Undesignated	7,316,344	7,069,051
Board-designated endowment	<u>18,402,944</u>	<u>15,942,440</u>
Without Donor Restrictions	25,719,288	23,011,491
With donor restrictions	<u>55,800</u>	-
Total Net Assets	<u>25,775,088</u>	<u>23,011,491</u>
Total Liabilities and Net Assets	<u>\$ 25,893,229</u>	<u>\$ 23,108,204</u>

See accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Geauga County Humane Society, Inc.
 dba Rescue Village
 and
 The Rescue Village Foundation

Years Ended December 31

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets - January 1, 2022	\$ 26,280,768	\$ -	\$ 26,280,768
Change in net assets - 2022	<u>(3,269,277)</u>	<u>-</u>	<u>(3,269,277)</u>
Net Assets - December 31, 2022	23,011,491	-	23,011,491
Change in net assets - 2023	<u>2,707,797</u>	<u>55,800</u>	<u>2,763,597</u>
Net Assets - December 31, 2023	<u>\$ 25,719,288</u>	<u>\$ 55,800</u>	<u>\$ 25,775,088</u>

See accompanying notes.

CONSOLIDATED STATEMENT OF ACTIVITIES

Geauga County Humane Society, Inc.
 dba Rescue Village
 and
 The Rescue Village Foundation

Years Ended December 31

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total Without Donor Restrictions 2022
SUPPORT AND REVENUE				
Contributions and bequests	\$ 2,466,864	\$ -	\$ 2,466,864	\$ 1,859,314
Grant income	205,950	55,800	261,750	81,963
Special events	369,067	-	369,067	312,132
ERC refunds adjusted	(116,553)	-	(116,553)	-
Program service fees	280,887	-	280,887	194,168
Other	3,970	-	3,970	8,497
	<u>3,210,185</u>	<u>55,800</u>	<u>3,265,985</u>	<u>2,456,074</u>
EXPENSES				
Program Services:				
Shelter	1,106,654	-	1,106,654	1,024,062
Clinic	661,352	-	661,352	728,400
Other	598,045	-	598,045	569,470
Total Program Services	2,366,051	-	2,366,051	2,321,932
General and administrative	196,198	-	196,198	233,720
Fundraising and development	513,659	-	513,659	532,365
	<u>3,075,908</u>	<u>-</u>	<u>3,075,908</u>	<u>3,088,017</u>
Net Change Before Non Operating Activity	<u>134,277</u>	<u>55,800</u>	<u>190,077</u>	<u>(631,943)</u>
NON OPERATING ACTIVITY				
Investment income (loss) - net	<u>2,573,520</u>	<u>-</u>	<u>2,573,520</u>	<u>(2,637,334)</u>
Change in Net Assets	<u>\$ 2,707,797</u>	<u>\$ 55,800</u>	<u>\$ 2,763,597</u>	<u>\$ (3,269,277)</u>

See accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

Geauga County Humane Society, Inc.
 dba Rescue Village
 and
 The Rescue Village Foundation

Years Ended December 31

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 3,606,026	\$ 3,388,836
Interest received	(29,586)	60,169
Cash paid to suppliers	(1,001,950)	(1,188,206)
Cash paid to employees	(1,868,638)	(1,792,432)
Cash Provided by Operating Activities:	705,852	468,367
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from disposal of securities	1,390,126	81,306
Capital expenditures	(161,362)	(89,366)
Purchase of investments	(1,357,340)	(34,583)
Cash Used in Investing Activities	(128,576)	(42,643)
Change in Cash and Cash Equivalents	577,276	425,724
Cash and Cash Equivalents - Beginning of the Year	1,661,178	1,235,454
Cash and Cash Equivalents - End of the Year	\$ 2,238,454	\$ 1,661,178

See accompanying notes.

	<u>2023</u>	<u>2022</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET		
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Change in Net Assets	\$ 2,763,597	\$ (3,269,277)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by (Used in) Operating Activities:		
Depreciation	195,634	191,764
Unrealized and realized (gain) loss on investments	(2,031,427)	2,979,957
Interest and dividends reinvested	(375,011)	(285,256)
Donated securities	(114,193)	(83,837)
Increase (Decrease) in Cash from Changes in:		
ERC refunds receivable	116,553	520,761
Pledges receivable	142,475	497,069
Inventory	(27,806)	(47,101)
Prepaid expenses	14,602	(17,627)
Accounts payable	(3,245)	(23,483)
Accrued expenses	26,135	3,826
Deferred revenue	(1,462)	1,571
	<u>(2,057,745)</u>	<u>3,737,644</u>
Cash Provided by Operating Activities	\$ <u>705,852</u>	\$ <u>468,367</u>

See accompanying notes.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Geauga County Humane Society, Inc.
 dba Rescue Village
 and
 The Rescue Village Foundation

Years Ended December 31

2023							
	Shelter	Clinic	Other Programs	Total Program	General and Administrative	Fundraising and Development	Total
Personnel Costs							
Salaries and wages	\$ 573,976	\$ 390,033	\$ 382,579	\$ 1,346,588	\$ 98,430	\$ 78,796	\$ 1,523,814
Payroll taxes	60,031	41,132	19,050	120,213	8,527	9,726	138,466
Employee benefits	90,365	52,296	32,124	174,785	20,058	11,515	206,358
Total Personnel Costs	724,372	483,461	433,753	1,641,586	127,015	100,037	1,868,638
Professional and contract services	16,763	3,934	2,463	23,160	37,888	62,566	123,614
Program costs	72,109	81,215	81,765	235,089	-	-	235,089
Occupancy	113,362	35,128	21,033	169,523	11,124	6,529	187,176
Office expenses	63,204	14,170	25,621	102,995	8,137	88,145	199,277
Advertising	-	-	11,772	11,772	-	106,224	117,996
Staff development	1,354	404	107	1,865	76	-	1,941
Special event	-	-	-	-	-	131,921	131,921
Depreciation	115,424	43,040	21,520	179,984	7,825	7,825	195,634
Other expense	66	-	11	77	4,133	10,412	14,622
Total Expenses	<u>\$ 1,106,654</u>	<u>\$ 661,352</u>	<u>\$ 598,045</u>	<u>\$ 2,366,051</u>	<u>\$ 196,198</u>	<u>\$ 513,659</u>	<u>\$ 3,075,908</u>
2022							
	Shelter	Clinic	Other Programs	Total Program	General and Administrative	Fundraising and Development	Total
Personnel Costs							
Salaries and wages	\$ 484,949	\$ 461,552	\$ 373,739	\$ 1,320,240	\$ 91,793	\$ 77,286	\$ 1,489,319
Payroll taxes	43,327	39,504	30,584	113,415	7,645	6,372	127,432
Employee benefits	71,776	53,365	29,163	154,304	9,529	11,848	175,681
Total Personnel Costs	600,052	554,421	433,486	1,587,959	108,967	95,506	1,792,432
Professional and contract services	53,894	20,247	11,722	85,863	37,575	223,675	347,113
Program costs	110,175	32,695	30,322	173,192	-	-	173,192
Occupancy	128,437	33,082	15,569	177,088	9,729	7,784	194,601
Office expenses	30,134	12,875	5,131	48,140	1,867	48,884	98,891
Advertising	-	-	-	-	-	15,929	15,929
Staff development	6,854	2,556	1,278	10,688	1,899	464	13,051
Special event	-	-	-	-	-	108,713	108,713
Depreciation	59,447	59,447	57,529	176,423	15,341	-	191,764
Other expense	35,069	13,077	14,433	62,579	58,342	31,410	152,331
Total Expenses	<u>\$ 1,024,062</u>	<u>\$ 728,400</u>	<u>\$ 569,470</u>	<u>\$ 2,321,932</u>	<u>\$ 233,720</u>	<u>\$ 532,365</u>	<u>\$ 3,088,017</u>

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Geauga County Humane Society, Inc. dba Rescue Village
And
The Rescue Village Foundation

1 Summary of Significant Accounting Policies

Nature of the Organization:

The Geauga County Humane Society, Inc. dba Rescue Village (“Rescue Village”) is located in Russell Township, Geauga County, Ohio. Rescue Village’s purpose is to shelter and find homes for sick, inquired, abused, and abandoned domestic animals; to foster compassion for all living things through education; and to prevent cruelty to animals by enforcing protection laws.

The Rescue Village Foundation (“Foundation”) is a separate legal entity holding the assets of the board-designated endowment to support Rescue Village. Rescue Village appoints the majority of the Board of Directors to the Foundation.

Principles of Consolidation:

The consolidated financial statements include the accounts of the Geauga County Humane Society, Inc. dba Rescue Village and The Rescue Village Foundation (collectively referred to as the “Organization”). Rescue Village and the Foundation have common control and economic interest by design. Significant inter-organizational balances and transactions have been eliminated.

Program Descriptions:

Shelter Program: Rescue Village provides rescue, rehabilitation, and adoption services for dogs, cats, and small animals. In addition, the Organization operates a barn animal program for the rescue and adoption of farm animals such as horses, pigs, sheep, goats, and chickens. In addition, Rescue Village offers a Trap-Neuter-Return (“TNR”) program to control stray cat populations and Fix It In the Farmland program to provide low-cost spay and neuter services for local pet owners. Several of the Organization’s fund-raising activities are also considered programming, specifically Woofstock which provides an outdoor venue where more than 8,000 people, pets, and adoptees are in attendance.

Clinic: general health procedures such as teeth cleaning, general surgeries and health diagnostics are performed. Spay and neuter programs are an effective and humane approach to solving the problem of unwanted and homeless animals. All dogs and cats at Rescue Village are spayed or neutered prior to being made available for adoption.

Other programs include humane law enforcement, animal transportation services, and operation of a pet food pantry for local pet owners. The Organization provides a variety of educational programs and events for individuals, as well as civic, community, professional and school groups. Summer camps for youth and student service projects are also offered throughout the year.

Cash and Cash Equivalents:

For the purposes of the consolidated statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Temporarily uninvested cash in investment accounts is considered an investment rather than a cash equivalent.

At times during the year, the Organization maintained funds on deposit at its banks in excess of FDIC insurance limits.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Geauga County Humane Society, Inc. dba Rescue Village
And
The Rescue Village Foundation

1 Summary of Significant Accounting Policies, Continued

Investments:

Investments are recorded at fair value based on published market prices. The difference between their cost and fair market value is recorded as an unrealized gain or loss in the consolidated statement of activities. Specific-identification is used to identify securities sold.

Investments, Fair Value Measurements:

FASB ASC 820, "Fair Value Measurements", applies to all financial instruments that are measured and reporting on a fair value basis. As defined in FASB ASC 820, fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable firm inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the examination of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- * Quoted prices for similar assets or liabilities in active markets;
- * Quoted prices for identical assets or similar assets or liabilities in inactive markets;
- * Inputs other than quoted prices that are observable for the asset or liability;
- * Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Inventory:

Inventory consists primarily of medical and general supplies, and animal food. Purchased inventory is stated at the lower of cost or net realizable value using the first-in, first-out (FIFO) method of valuation. Donated goods are recorded at fair value at the date of donation, and subsequent declines in fair value, if any, are recognized at year-end.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Geauga County Humane Society, Inc. dba Rescue Village
And
The Rescue Village Foundation

1 Summary of Significant Accounting Policies, Continued

Pledges Receivable:

Pledges receivable (due in a year or more) from corporations, foundations, and individuals are discounted to net present value using the federal treasury rate. All amounts included in pledges receivable at year-end were payable in one year, and a discount rate was not applied. Outstanding pledges included in the consolidated statement of financial position at December 31 amounted to \$242,710 (2023) and \$385,185 (2022).

ERC Refunds Receivable:

The Organization was eligible and applied for the Employer Retention Credits (ERC) refunds. The total refunds submitted amounted to \$795,283 and was recognized as revenue in the consolidated statement of activities at December 31, 2021. The anticipated amount of ERC refund to be received was reduced by \$116,553 in 2023. Amounts included in ERC refunds receivable in the consolidated statement of financial position at year-end total \$158,038 (2023) and \$274,591 (2022).

Property and Equipment:

Property and equipment purchased by the Organization are carried at cost. Donated property and equipment are recorded at estimated fair value at the date of donation. Expenditures which substantially increase the useful lives of existing assets are capitalized. Routine maintenance and repairs and capital expenditures of less than \$5,000 are expensed as incurred. The cost and related accumulated depreciation of property and equipment sold or otherwise disposed of are removed from the accounts and any gain or loss is reflected in the current year's activities.

	<u>2023</u>	<u>2022</u>
Land	\$ 225,882	\$ 225,882
Land improvements	276,003	265,783
Building and improvements	4,841,819	4,789,634
Furniture and fixtures	224,448	169,950
Equipment	268,090	221,890
Vehicles	124,466	100,775
Construction in progress	<u>17,319</u>	<u>72,849</u>
	5,978,027	5,846,763
Less: accumulated depreciation	<u>2,494,243</u>	<u>2,328,707</u>
	<u>\$ 3,483,784</u>	<u>\$ 3,518,056</u>
Depreciation Expense	<u>\$ 195,634</u>	<u>\$ 191,764</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Geauga County Humane Society, Inc. dba Rescue Village
And
The Rescue Village Foundation

1 Summary of Significant Accounting Policies, Continued

Property and Equipment, Continued:

The Organization provides for depreciation of property and equipment generally using straight-line methods of depreciation over the following estimated useful lives of the assets:

<u>Class</u>	<u>Years</u>
Land improvements	8 - 18
Building and improvements	10 - 40
Furniture and fixtures	3 - 10
Equipment	5 - 10
Vehicles	5

Advertising Costs:

The Organization participates in various advertising and marketing programs. All costs related to marketing and advertising the Organization's products are expensed in the period incurred. Advertising costs charged to operations was \$13,537 (2023) and \$15,929 (2022) included in the consolidated statement of functional expenses.

Functional Expense Allocations:

Expenses are charged to functional areas based on specific-identification when possible. Expenses that cannot be specifically identified to a function are allocated to the functional areas based on factors such as direct relationship of expense, time spent by employees and square footage of space used for various programs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Geauga County Humane Society, Inc. dba Rescue Village
And
The Rescue Village Foundation

1 Summary of Significant Accounting Policies, Continued

Net Assets:

Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when the stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. The Organization reports conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period.

The Organization reports contributions restricted by donors as increases to net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Revenue Recognition:

Grants that are considered earned income are recognized over the periods to which the services are provided in accordance to the agreements. Amounts from these grants received in advance are recorded as deferred income in the consolidated statement of financial position and total \$109 (2023) and \$1,571 (2022).

Contributions, bequests, and grants are recognized when awarded as with or without restrictions in accordance with donor specifications. When a restriction expires through accomplishment of purpose or passage of time, the restricted net assets are reclassified to unrestricted and reported in the consolidated statement of activities as net assets released from restrictions.

The Organization recognizes contracts with customers recorded as program service fees in the consolidated statement of activities. The contracts consist of adoption center and charitable veterinary hospital services. Revenue is recorded when the service is provided and amounted to \$280,887 (2023) and \$194,168 (2022).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Geauga County Humane Society, Inc. dba Rescue Village
And
The Rescue Village Foundation

1 Summary of Significant Accounting Policies, Continued

Contributed Nonfinancial Assets:

The Organization receives donations of various goods and services. In-kind donations that met the criteria for recognition in accordance with accounting principles generally accepted in the United States of America were not recorded in the consolidated statement of activities as they were not considered to be significant.

Contributed pet food and pet supplies received by the Organization are recorded as in-kind contribution revenue with a corresponding increase to inventory, then expensed once utilized. Pet food and pet supplies were valued using market prices, primarily using methods that include (1) current price located on publicly available website if the inventory item is a match for the website item when donated and (2) a percentage of the price located on a publicly available website if the item donated has been used but the item located online is new.

The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation of professional services. Donated professional services consist primarily of legal and event planning services, which are valued using current rates for similar services.

The Organization received approximately 136,000 (2023) and 125,000 (2022) volunteer service hours that do not meet the criteria for recognition. While these donations are not disclosed, they provide valuable resources to the Organization.

Income Tax Status:

Rescue Village is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and operates as a public charity.

The Foundation is exempt from federal income taxes under Section 509(a)(3) of the Internal Revenue Code and operates as a supporting organization for the benefit of Rescue Village.

The Organization is required to operate in conformity with the Code to maintain its tax-exempt status.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Geauga County Humane Society, Inc. dba Rescue Village
And
The Rescue Village Foundation

1 Summary of Significant Accounting Policies, Continued

Accounting for Uncertainty in Income Taxes:

The Organization adopted the provisions of "Accounting for Uncertainty in Income Taxes" which prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The amount recognized is measured as the amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The Organization recognizes interest and penalties accrued related to unrecognized tax uncertainties in income tax expense, if any. The Organization determined that there are no material uncertain tax positions.

Fair Value of Financial Instruments:

Financial instruments held by the Organization include, among others, pledges receivable and accounts payable. The carrying amounts reported in the consolidated statement of financial position for assets and liabilities qualifying as financial instruments are a reasonable estimate of fair value.

Use of Estimates:

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

Subsequent Events:

Management evaluates events occurring subsequent to the date of the consolidated financial statements in determining the accounting for and disclosure of transactions and events that affect the consolidated financial statements.

Subsequent events have been evaluated through September 19, 2024 which is the date the consolidated financial statements were available to be issued.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Geauga County Humane Society, Inc. dba Rescue Village
 And
 The Rescue Village Foundation

2 Liquidity and Availability

The Organization manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long term commitments and obligations under endowments as designated by the Board to support the mission fulfillment will continue to be met, ensuring the sustainability of the Organization.

Financial assets available for general expenditures, that is, without donor or other restrictions limited their use, within one year of the consolidated statement of financial position comprise the following:

	<u>2023</u>	<u>2022</u>
Financial assets available to meet general expenditures within one year:		
Cash and cash equivalents net of restrictions	\$ 2,238,454	\$ 1,661,178
Investments	19,688,740	17,200,895
Pledges receivable due within one year	242,710	385,185
ERC refunds receivable	<u>158,038</u>	<u>274,591</u>
Financial assets at year-end	22,327,942	19,521,849
Less Board-designated endowment	<u>18,402,944</u>	<u>15,942,440</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,924,998</u>	<u>\$ 3,579,409</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Geauga County Humane Society, Inc. dba Rescue Village
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3 Investments

Following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy:

Cash and Cash Equivalents:

These cash funds are valued at cost, which approximates fair value.

Certificates of Deposit:

The certificates of deposit are valued at cost, which approximates fair value.

Mutual Funds:

These funds include both equity and fixed income classifications and are valued at net asset value as reported by the underlying fund. Registered investment companies held by the fund are open-ended mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The registered companies held by the fund are deemed to be actively traded.

The Organization's investment return included in the consolidated statement of activities consist of the following:

	<u>2023</u>	<u>2022</u>
Investment return consists of the following:		
Interest and dividends	\$ 542,094	\$ 345,570
Net unrealized and realized gain (loss) on investments	<u>2,031,426</u>	<u>(2,982,904)</u>
Investment income (loss) - net	<u>\$ 2,573,520</u>	<u>\$ (2,637,334)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Geauga County Humane Society, Inc. dba Rescue Village
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3 Investments, Continued:

The following tables presents the financial instruments carried at fair value, on a recurring basis, as of December 31:

	2023			
	Quoted Market Prices in Active Markets (Level 1)	Models with Significant Observable Market Parameters (Level 2)	Unobservable Inputs that are not Corroborated by Market Data (Level 3)	Total Carrying Value in the Consolidated Statement of Financial Position
Cash and cash equivalents	\$ 2,515,679	\$ -	\$ -	\$ 2,515,679
Mutual funds (equities)	12,047,294	-	-	12,047,294
Mutual funds (fixed income)	<u>5,125,767</u>	<u>-</u>	<u>-</u>	<u>5,125,767</u>
	<u>\$19,688,740</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$19,688,740</u>

	2022			
	Quoted Market Prices in Active Markets (Level 1)	Models with Significant Observable Market Parameters (Level 2)	Unobservable Inputs that are not Corroborated by Market Data (Level 3)	Total Carrying Value in the Consolidated Statement of Financial Position
Cash and cash equivalents	\$ 739,027	\$ -	\$ -	\$ 739,027
Certificates of deposit	-	10,425	-	10,425
Mutual funds (equities)	10,170,617	-	-	10,170,617
Mutual funds (fixed income)	<u>6,280,826</u>	<u>-</u>	<u>-</u>	<u>6,280,826</u>
	<u>\$ 17,190,470</u>	<u>\$ 10,425</u>	<u>\$ -</u>	<u>\$ 17,200,895</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Geauga County Humane Society, Inc. dba Rescue Village
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4 Special Events

The Organization conducts several fundraising events during the year. Revenue and expenses related to the events are as follows:

	2023		
	Revenue	Expenses	Net Income
Woofstock	\$ 195,956	\$ 75,689	\$ 120,267
Tails of Twilight, Summer Gala	141,540	45,149	96,391
Rescue Village Slumber Party	15,804	915	14,889
Golf outing	<u>15,767</u>	<u>10,168</u>	<u>5,599</u>
	<u>\$ 369,067</u>	<u>\$ 131,921</u>	<u>\$ 237,146</u>
	2022		
	Revenue	Expenses	Net Income
Woofstock	\$ 147,155	\$ 58,654	\$ 88,501
Tails of Twilight, Summer Gala	136,822	43,133	93,689
Rescue Village Slumber Party	15,755	1,120	14,635
Golf outing	<u>12,400</u>	<u>5,806</u>	<u>6,594</u>
	<u>\$ 312,132</u>	<u>\$ 108,713</u>	<u>\$ 203,419</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Geauga County Humane Society, Inc. dba Rescue Village And The Rescue Village Foundation

5 Endowment

The Organization's endowments is comprised of Board designated funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment Spending and Investment Policy:

The Board of Trustees of the Organization follows a spending policy where the amount included in the budget for withdrawal of 5% percent of assets on an annual basis, calculated using the average asset balance based on quarter-end balances for the 12 prior quarters. Requests for distributions from the endowment are subject to formal appropriation of the Rescue Village Board.

Endowment net assets composition for the year-ended December 31, is as follows:

	2023	2022
Endowment Net Assets - Beginning	\$ 15,942,440	\$ 18,588,411
Investment Return:		
Interest and dividends	456,151	327,834
Realized and unrealized gains (losses)	1,996,261	(2,988,455)
Investment fees, expenses	(7,228)	(3,842)
Total Investment Return	2,445,184	(2,664,463)
Endowment contributions	15,320	3,311
Other transfers, adjustments	-	15,181
Endowment Net Assets - Ending	\$ 18,402,944	\$ 15,942,440

6 Retirement Plan

The Organization has a 401(k) Profit Sharing Plan covering substantially all employees. Organization contributions to the Plan, including the matching of employee contributions, are at the discretion of the Organization. The Organization currently matches an amount equal to 100% of each employee contribution up to 3% of each employee's compensation, and 50% on additional employee contributions up to 6% of employee compensation. The Organization contributions to this plan amounted to \$54,588 (2023) and \$49,013 (2022).

7 Litigation

In the ordinary course of business, the Organization is involved in litigation and other potential legal claims. The Organization carries insurance for these types of matters and in management's opinion the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the Organization.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

Geauga County Humane Society, Inc.
dba Rescue Village
and
The Rescue Village Foundation

December 31, 2023

	Rescue Village	The Foundation	Consolidated Total
ASSETS			
Cash and cash equivalents	\$ 2,214,976	\$ 23,478	\$ 2,238,454
Investments	1,309,274	18,379,466	19,688,740
Pledges receivable	242,710	-	242,710
ERC refunds receivable	158,038	-	158,038
Inventory	74,907	-	74,907
Prepaid expenses and deposits	6,596	-	6,596
Property and equipment - net	3,483,784	-	3,483,784
Total Assets	\$ 7,490,285	\$ 18,402,944	\$ 25,893,229
LIABILITIES:			
Accounts payable	\$ 11,020	\$ -	\$ 11,020
Accrued expenses	107,012	-	107,012
Deferred revenue	109	-	109
Total Liabilities	118,141	-	118,141
NET ASSETS:			
Without Donor Restrictions:			
Undesignated	7,316,344	-	7,316,344
Board-designated endowment	-	18,402,944	18,402,944
Total Net Assets			
Without Donor Restrictions	7,316,344	18,402,944	25,719,288
With donor restrictions	55,800	-	55,800
Total Net Assets	7,372,144	18,402,944	25,775,088
Total Liabilities and Net Assets	\$ 7,490,285	\$ 18,402,944	\$ 25,893,229

See accompanying notes.

CONSOLIDATING STATEMENT OF ACTIVITIES

Geauga County Humane Society, Inc.
 dba Rescue Village
 and
 The Rescue Village Foundation

Year Ended December 31, 2023

	Rescue Village			The Foundation	Consolidated Total
	Without Donor Restriction	With Donor Restriction	Total		
SUPPORT AND REVENUE					
Contributions and bequests	\$ 2,451,544	\$ -	\$ 2,451,544	\$ 15,320	\$ 2,466,864
Grant income	205,950	55,800	261,750	-	261,750
Special events	369,067	-	369,067	-	369,067
Program service fees	280,887	-	280,887	-	280,887
ERC refunds adjusted	(116,553)	-	(116,553)	-	(116,553)
Other	3,970	-	3,970	-	3,970
Total Support and Revenue	3,194,865	55,800	3,250,665	15,320	3,265,985
EXPENSES					
Program Services:					
Shelter	1,106,654	-	1,106,654	-	1,106,654
Clinic	661,352	-	661,352	-	661,352
Other	598,045	-	598,045	-	598,045
Total Program Services	2,366,051	-	2,366,051	-	2,366,051
General and administrative	188,970	-	188,970	7,228	196,198
Fundraising and development	513,659	-	513,659	-	513,659
Total Expenses	3,068,680	-	3,068,680	7,228	3,075,908
Net Change Before Non Operating Activity	126,185	55,800	181,985	8,092	190,077
NON OPERATING ACTIVITY					
Investment return, net	121,108	-	121,108	2,452,412	2,573,520
Total Non Operating Activity	121,108	-	121,108	2,452,412	2,573,520
Change in Net Assets	\$ 247,293	\$ 55,800	\$ 303,093	\$ 2,460,504	\$ 2,763,597

See accompanying notes.