

**UNITED ANIMAL NATIONS
(dba REDROVER)**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED
DECEMBER 31 2018, AND 2017**

INDEPENDENT AUDITOR’S REPORT

**Board of Directors
United Animal Nations (dba RedRover)
Sacramento, California**

We have audited the accompanying financial statements of United Animal Nations (dba RedRover), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Directors
United Animal Nations (dba RedRover)
Page two

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Animal Nations (dba RedRover) as of December 31, 2018 and 2017, 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.

A handwritten signature in black ink that reads "Gilbert Associates, Inc." in a cursive script.

GILBERT ASSOCIATES, INC.
Sacramento, California

May 10, 2019

UNITED ANIMAL NATIONS (dba REDROVER)

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,149,331	\$ 865,931
Accounts receivable	21,586	12,709
Grants and bequests receivable, current portion	571,593	20,000
Prepaid expenses and other assets	<u>65,468</u>	<u>61,723</u>
Total current assets	1,807,978	960,363
INVESTMENTS	4,099,797	5,740,753
GRANTS RECEIVABLE, Net	450,000	20,000
PROPERTY AND EQUIPMENT, Net	<u>1,656,438</u>	<u>84,540</u>
TOTAL ASSETS	<u>\$ 8,014,213</u>	<u>\$ 6,805,656</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 165,310	\$ 37,024
Accrued expenses	140,210	81,054
Deferred revenue	46,064	61,752
Line of credit	<u>970,369</u>	<u> </u>
Total liabilities	<u>1,321,953</u>	<u>179,830</u>
NET ASSETS:		
Without donor restrictions	5,592,206	6,015,270
With donor restrictions	<u>1,100,054</u>	<u>610,556</u>
Total net assets	<u>6,692,260</u>	<u>6,625,826</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,014,213</u>	<u>\$ 6,805,656</u>

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

UNITED ANIMAL NATIONS (dba REDROVER)

STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
REVENUES:		
Contributions and grants	\$ 1,987,036	\$ 1,691,419
Bequests	737,829	363,682
Program services	19,046	21,979
Kind News, net of cost of goods sold of \$150,696 in 2018 and \$71,938 in 2017	(27,125)	15,094
Interest and investment income (loss)	(278,591)	491,439
Other income	15,163	14,271
Net assets released from restrictions	<u>585,554</u>	<u>152,312</u>
Total revenues	<u>3,038,912</u>	<u>2,750,196</u>
EXPENSES:		
Program services:		
RedRover Relief	1,059,741	791,029
RedRover Responders	714,593	491,852
RedRover Readers	556,373	391,965
Advocacy, public education and outreach	<u>521,822</u>	<u>412,263</u>
Total program services	2,852,529	2,087,109
Supporting services:		
Fundraising	317,900	267,069
Management and general	<u>291,547</u>	<u>216,912</u>
Total expenses	<u>3,461,976</u>	<u>2,571,090</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>(423,064)</u>	<u>179,106</u>
NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions	1,075,052	593,249
Net assets released from restrictions	<u>(585,554)</u>	<u>(152,312)</u>
INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>489,498</u>	<u>440,937</u>
INCREASE IN NET ASSETS	66,434	620,043
NET ASSETS, Beginning of year	<u>6,625,826</u>	<u>6,005,783</u>
NET ASSETS, End of year	<u>\$ 6,692,260</u>	<u>\$ 6,625,826</u>

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

UNITED ANIMAL NATIONS (dba REDROVER)

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018**

	<u>Program services</u>				<u>Supporting services</u>		<u>Total</u>
	<u>RedRover Relief</u>	<u>RedRover Responders</u>	<u>RedRover Readers</u>	<u>Advocacy, public education & outreach</u>	<u>Fundraising</u>	<u>Mgmt & general</u>	
Salaries and benefits	\$ 276,414	\$ 194,261	\$ 315,421	\$ 253,894	\$ 45,917	\$ 134,115	\$ 1,220,022
Grants and aid	581,886	206,261					788,147
Postage and mailing services	47,269	70,612	16,709	119,113	108,070	290	362,063
Printing	59,963	81,131	25,419	56,475	122,376	452	345,816
Professional services	10,234	6,367	52,833	27,545	26,017	72,224	195,220
Transportation	12,161	95,487	8,494	3,473	22	8,570	128,207
Media and communications	4,861	4,793	61,932	16,410	351		88,347
Taxes and fees	6,505	6,459	5,947	4,019	1,347	52,199	76,476
Occupancy	16,334	10,160	18,608	14,387	2,729	9,542	71,760
Computer services	20,076	12,834	24,129	7,919	2,615	2,098	69,671
Depreciation	5,709	3,553	6,503	5,039	982	2,769	24,555
Conferences and training	7,092	2,214	3,911	2,121	1,197	2,243	18,778
Equipment rental and maintenance	2,943	1,823	3,348	2,605	505	1,475	12,699
Insurance	2,544	2,818	3,011	2,239	198	1,264	12,074
Disaster relief		9,150	2,686		38	29	11,903
Telephone	1,522	3,412	2,093	2,181	217	696	10,121
Supplies	1,865	1,322	2,132	1,835	417	1,212	8,783
Other expenses	2,363	1,936	3,197	2,567	4,902	2,369	17,334
Total	\$ 1,059,741	\$ 714,593	\$ 556,373	\$ 521,822	\$ 317,900	\$ 291,547	\$ 3,461,976

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

UNITED ANIMAL NATIONS (dba REDROVER)

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017**

	<u>Program services</u>				<u>Supporting services</u>			<u>Total</u>
	<u>RedRover Relief</u>	<u>RedRover Responders</u>	<u>RedRover Readers</u>	<u>Advocacy, public education & outreach</u>	<u>Fundraising</u>	<u>Mgmt & general</u>		
Salaries and benefits	\$ 247,431	\$ 215,896	\$ 235,363	\$ 203,872	\$ 22,164	\$ 120,261	\$ 1,044,987	
Grants and aid	413,924						413,924	
Postage and mailing services	17,942	50,343	12,325	97,334	87,042	229	265,215	
Printing	47,393	113,665	31,556	42,400	127,826	1,625	364,465	
Professional services	5,534	5,029	34,351	12,958	18,309	5,485	81,666	
Transportation	6,726	46,415	6,091	934	44	5,473	65,683	
Media and communications	2,372	1,984	3,416	16,953	1,498		26,223	
Taxes and fees	7,680	7,484	8,970	4,779	88	63,606	92,607	
Occupancy	14,722	12,348	13,700	11,654	1,334	7,245	61,003	
Computer services	9,006	8,374	21,343	5,691	1,753	2,994	49,161	
Depreciation	7,397	5,570	7,003	6,214	639	3,624	30,447	
Conferences and training	1,979	2,847	2,967	1,210	284	2,523	11,810	
Equipment rental and maintenance	2,424	1,840	2,262	2,158	223	1,196	10,103	
Insurance	2,852	3,354	2,595	1,698	307	1,195	12,001	
Disaster relief	21	10,114	5,259	988	17	2	16,401	
Telephone	1,428	3,938	1,927	1,474	131	638	9,536	
Supplies	1,485	1,918	2,025	1,274	241	640	7,583	
Other expenses	713	733	812	672	5,169	176	8,275	
Total	<u>\$ 791,029</u>	<u>\$ 491,852</u>	<u>\$ 391,965</u>	<u>\$ 412,263</u>	<u>\$ 267,069</u>	<u>\$ 216,912</u>	<u>\$ 2,571,090</u>	

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

UNITED ANIMAL NATIONS (dba REDROVER)

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 66,434	\$ 620,043
Reconciliation to net cash provided (used) by operating activities:		
Net realized and unrealized loss (gain) on investments	377,925	(454,595)
Donated investments		(4,329)
Depreciation	24,555	30,447
Loss on disposal of fixed asset	725	
Changes in:		
Accounts receivable	(8,877)	3,407
Grants and bequests receivable	(981,593)	(32,500)
Prepaid expenses and other assets	(3,745)	(4,216)
Accounts payable	128,286	9,984
Accrued expenses	59,156	6,586
Deferred revenue	(15,688)	61,752
Net cash provided (used) by operating activities	<u>(352,822)</u>	<u>236,579</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(2,194,241)	(4,903,993)
Proceeds from sale and maturities of investments	3,457,272	4,409,545
Purchases of equipment and furniture	<u>(1,597,178)</u>	<u>(97,862)</u>
Net cash used by investing activities	<u>(334,147)</u>	<u>(592,310)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit	1,157,577	
Principal payments on line of credit	<u>(187,208)</u>	
Net cash provided by investing activities	<u>970,369</u>	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	283,400	(355,731)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>865,931</u>	<u>1,221,662</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,149,331</u>	<u>\$ 865,931</u>
SUPPLEMENTAL ACTIVITY:		
Cash paid for interest	<u>\$ 34,555</u>	<u>\$</u>

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

UNITED ANIMAL NATIONS (dba REDROVER)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Founded in 1987, United Animal Nations (dba RedRover) brings animals from crisis to care and strengthens the bond between people and animals through the following programs:

RedRover Relief – As one of the only animal emergency programs of its kind, RedRover Relief provides guidance, case management and financial assistance to Good Samaritans, animal rescuers and pet owners to help them obtain emergency veterinary care for animals in life-threatening situations. RedRover Relief case managers also partner with domestic violence shelters to help victims safely escape abusive environments without having to leave their pets behind.

RedRover Responders – As part of its vast, trained volunteer network, RedRover Responders volunteers shelter and care for animals displaced by natural disasters, puppy mills, hoarding cases and other significant abuses. Volunteers provide daily care and comfort for the animals until they can be reunited with their families, placed in foster care or adopted into new homes.

RedRover Readers – This unique community-based literacy program is aligned with academic content standards and helps children explore the bond between people and animals through stories and discussion. Teachers and educators trained in the RedRover Readers curriculum read to children and lead discussions – helping children increase their level of empathy for people and animals. In 2017, RedRover added to our humane education resource offering with the adoption of Kind News magazine – a children’s publication with engaging articles, illustrations, activities and games that help children explore the relationship between people and animals and develop the knowledge and skills necessary for empathy.

Advocacy, public education and outreach – RedRover improves the welfare of animals by educating the public on important animal issues and collaborating with others to advance the interest of animals through the legal system.

Basis of presentation – The financial statements are prepared on the accrual basis of accounting and presented in conformity with professional standards applicable to not-for-profit entities. RedRover reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of management.

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. When a restriction expires (generally, as payments are made to fulfill the purposes of the contribution), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

UNITED ANIMAL NATIONS (dba REDROVER)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

Grants and contributions with donor restrictions whose restrictions are met in the same reporting period are shown as net assets without donor restrictions. RedRover has no donor-imposed restrictions that are perpetual in nature.

Revenue recognition – Private foundation grants and contributions are recognized in full when received or unconditionally promised, in accordance with professional standards. Donated materials, equipment, and services are recorded as in-kind donations and recognized at their estimated fair value as of the date of donation or service. Contributed services that do not meet the criteria for recognition, including extensive volunteer hours contributed to the RedRover Responders and RedRover Readers programs, are not reflected in the financial statements. The fair market value of these volunteer hours is estimated to be \$106,363 and \$42,197 for 2018 and 2017, respectively.

Bequests are recognized when estates are settled, and the amounts can be reasonably estimated. Bequests on unsettled estates are considered conditional promises to give and therefore not recognized, because the amounts cannot be reasonably estimated, and the dates of distribution are unknown.

Kind News magazine revenue related to future issues are accounted for as deferred revenue upon receipt and recognized in the year the related issue is published.

Cash and cash equivalents – For financial statement purposes, RedRover considers all investments with an initial maturity of three months or less to be cash equivalents, unless held for long-term purposes.

RedRover minimizes credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. The balance at times may exceed federally insured limits. RedRover held with financial institutions in excess of federal depository insurance limits was \$429,215 at December 31, 2018. RedRover has not experienced any losses in such accounts and management believes RedRover is not exposed to any significant credit risk related to cash.

Property and equipment is stated at cost or, if donated, at fair market value as of the date of donation, and depreciated using the straight-line method over an estimated useful life of 3-7 years. RedRover's policy is to capitalize such items with a cost of \$500 or more.

Investments are stated at fair value and held for long-term purposes.

Functional allocation of expenses – The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel costs, rent, utilities, insurance, fees, interest, and depreciation, which are allocated on the basis of time and effort studies, as well as mailing, printing, and computer services, which are allocated on estimated usage of resources. All other expenses are allocated based on a combination of time and effort studies and estimated usage of resources depending on the nature of the specific expense.

UNITED ANIMAL NATIONS (dba REDROVER)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

Income taxes – RedRover is publicly supported and exempt from income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, the financial statements do not reflect any provision for income taxes.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New Accounting Pronouncement – In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958), *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, information about liquidity and availability of resources, and consistency in the type of information provided about expenses and investment return. RedRover has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented, with the exception of the liquidity disclosures, which have not been applied for the year ended December 31, 2018, as allowed by the transition guidance of this ASU.

Recently issued accounting pronouncement – In May 2014, the FASB issued ASU No. 2014-09, *Revenue with Contract from Customers (Topic 606)*. The new accounting standard develops a common revenue standard that will remove inconsistencies and weaknesses in revenue requirements, provide a more robust framework for addressing revenue issues, improve comparability of revenue recognition practices, provide more useful information to users of financial statements and simplify the preparation of financial statements. Application of this statement is effective for the year ending December 31, 2019. RedRover is currently evaluating the impact this pronouncement will have on its financial statements.

In June 2018, the FASB issued ASU 2018-08, Topic 958, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new accounting standard clarifies and improves the guidance for (1) evaluating whether transactions should be accounted for as contributions within the scope of Topic 958 or as exchange transactions subject to other guidance and (2) determining whether a contribution is conditional. Application of this statement is effective for transactions in which the entity serves as the resource recipient for the year ending December 31, 2019. For transactions in which the entity serves as the resource provider, the statement is effective for the year ending December 31, 2020. RedRover is currently evaluating the impact this pronouncement will have on the financial statements.

Fair value measurements – Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same – to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

UNITED ANIMAL NATIONS (dba REDROVER)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, as follows:

Level 1 Inputs	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
Level 2 Inputs	Inputs other than quoted prices in active markets that are observable either directly or indirectly.
Level 3 Inputs	Unobservable inputs for the asset or liability.

Subsequent events have been evaluated through May 10, 2019, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2018 that require recognition or disclosure in financial statements.

Reclassification – Certain 2017 amounts have been reclassified to conform with 2018 financial statement presentation

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

RedRover's financial assets available within one year of the statement of financial position date for general expenditure are as follows for 2018.

Cash and cash equivalents	\$ 1,149,331
Investments	4,099,797
Grants and bequests receivable	1,021,593
Accounts receivable	21,586
Total financial assets	<u>6,292,307</u>
Less:	
Amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions (see note 5)	(1,100,054)
Investments held as collateral for debt (see note 6)	(970,369)
Total amount unavailable for general expenditures within one year	<u>(2,070,423)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 4,221,884</u>

RedRover aims to maintain cash and cash equivalents to meet 4 months' worth of normal operating expenses (approximately \$1.1 million), which no more than 50% of this in short-term CDs. When operating cash dips below these requirements, cash is replenished from the investment portfolio. As part of the organization's liquidity plan, when investments produce income due to sales or dividend distributions, operating liquidity is assessed before reinvesting the funds. RedRover also has a security backed line of credit, with a limit of \$2 million, available to meet cash flow needs. This has been drawn upon for the recent building purchase to maintain RedRover's operating cash and the stability of the investment portfolio while strategically liquidating equity investments to pay down the line of credit.

UNITED ANIMAL NATIONS (dba REDROVER)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Land	\$ 420,000	
Buildings	775,000	
Equipment and furniture	184,872	\$ 163,602
Leasehold improvements	380,908	19,962
Total	<u>1,760,780</u>	<u>183,564</u>
Less accumulated depreciation	<u>(104,342)</u>	<u>(99,024)</u>
Property and equipment, net	<u>\$ 1,656,438</u>	<u>\$ 84,540</u>

4. INVESTMENTS

Certificates of deposit, bonds and real estate investment trusts are classified within Level 2 of the fair value hierarchy because they are valued using observable inputs other than quoted market prices. Equity securities and mutual funds are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices with reasonable levels of price transparency.

Investments consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Certificates of deposit	\$ 99,940	\$ 1,399,428
Government and agency bonds:		
US Treasury	508,954	841,769
Home mortgage bonds	429,235	338,649
Corporate bonds	665,371	720,397
Equity securities:		
Information technology	411,505	655,327
Financials	410,291	519,746
Consumer discretionary	284,648	279,848
Telecommunication services	239,770	76,975
Industrials	238,798	296,081
Consumer staples	127,987	162,557
Energy	114,983	160,745
Utilities	108,564	80,553
Health care	62,410	68,040
Materials	61,216	75,145
Real estate	48,295	38,639
Equity blend	28	37
Mutual Funds	262,307	
Real estate investment trusts	<u>25,495</u>	<u>26,817</u>
Total	<u>\$ 4,099,797</u>	<u>\$ 5,740,753</u>

UNITED ANIMAL NATIONS (dba REDROVER)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

Interest and investment income (loss) consist of the following:

	<u>2018</u>	<u>2017</u>
Interest and dividends, net of management fees	\$ 99,334	\$ 36,844
Net realized and unrealized gains (losses)	<u>(377,925)</u>	<u>454,595</u>
Total	<u>\$ (278,591)</u>	<u>\$ 491,439</u>

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of unexpended funds from contributions, grants and bequests, restricted for use in the following programs:

	<u>2018</u>	<u>2017</u>
RedRover Responders	\$ 743,067	\$ 382,623
RedRover Relief	<u>356,987</u>	<u>227,933</u>
Total	<u>\$ 1,100,054</u>	<u>\$ 610,556</u>

6. LINE OF CREDIT

RedRover has a \$2,500,000 line of credit agreement with Merrill Lynch collateralized by cash and investments held with the financial institution. The line of credit bears an interest at the LIBOR plus 3% (5.52% at December 31, 2018). The line of credit has interest only payments due monthly and the balance as of December 31, 2018 was \$970,369. The line of credit is callable by Merrill Lynch and accordingly, has been classified as a current liability.

7. RETIREMENT PLAN

RedRover sponsors a Simplified Employee Pension Plan (SEP) for its employees. Employees of age 18 or older are eligible to participate in the plan on the first of January following the calendar year in which the employee earns at least \$300. RedRover's contributions to this plan are at the discretion of the Board of Directors and totaled \$53,808 for December 31, 2018 and \$42,741 for 2017.

8. JOINT COSTS

RedRover incurred joint costs for mailings that included both educational messages and fundraising appeals. Joint costs were allocated as follows:

	<u>2018</u>	<u>2017</u>
Program services	\$ 301,293	\$ 222,875
Fundraising	<u>160,863</u>	<u>125,367</u>
Total	<u>\$ 462,156</u>	<u>\$ 348,242</u>