

**UNITED ANIMAL NATIONS
(dba REDROVER)**

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

**YEARS ENDED
DECEMBER 31, 2019 AND 2018**

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, 2019 and 2018, 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
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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, 2019 and 2018, 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 CPAs". The signature is written in a cursive, flowing style.

GILBERT CPAS
Sacramento, California

May 15, 2020

UNITED ANIMAL NATIONS (dba REDROVER)

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 942,510	\$ 1,149,331
Accounts receivable	40,558	21,586
Grants and bequests receivable, current portion	55,200	571,593
Prepaid expenses and other assets	<u>67,930</u>	<u>65,468</u>
Total current assets	1,106,198	1,807,978
INVESTMENTS	3,210,394	4,099,797
GRANTS AND BEQUESTS RECEIVABLE, Net	300,000	450,000
PROPERTY AND EQUIPMENT, Net	<u>1,622,216</u>	<u>1,656,438</u>
TOTAL ASSETS	<u>\$ 6,238,808</u>	<u>\$ 8,014,213</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 39,926	\$ 165,310
Accrued expenses	125,044	140,210
Deferred revenue	51,125	46,064
Line of credit	<u> </u>	<u>970,369</u>
Total liabilities	<u>216,095</u>	<u>1,321,953</u>
NET ASSETS:		
Without donor restrictions	5,213,488	5,592,206
With donor restrictions	<u>809,225</u>	<u>1,100,054</u>
Total net assets	<u>6,022,713</u>	<u>6,692,260</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,238,808</u>	<u>\$ 8,014,213</u>

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

UNITED ANIMAL NATIONS (dba REDROVER)

STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
REVENUES:		
Contributions and grants	\$ 2,125,214	\$ 1,985,993
Interest and investment income (loss)	674,961	(278,591)
Bequests	221,024	737,829
Program services	23,777	19,046
Kind News, net of cost of goods sold of \$127,266 in 2019 and \$150,696 in 2018	(8,365)	(27,125)
Other income	21,671	16,206
Net assets released from restrictions	595,026	585,554
Total revenues	<u>3,653,308</u>	<u>3,038,912</u>
EXPENSES:		
Program services:		
RedRover Relief	1,211,044	1,059,741
RedRover Responders	832,212	714,593
Advocacy, public education and outreach	685,335	521,822
RedRover Readers	655,352	556,373
Total program services	<u>3,383,943</u>	<u>2,852,529</u>
Supporting services:		
Fundraising	374,081	317,900
Management and general	274,002	291,547
Total expenses	<u>4,032,026</u>	<u>3,461,976</u>
DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>(378,718)</u>	<u>(423,064)</u>
NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions	304,197	1,075,052
Net assets released from restrictions	<u>(595,026)</u>	<u>(585,554)</u>
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(290,829)</u>	<u>489,498</u>
INCREASE (DECREASE) IN NET ASSETS	(669,547)	66,434
NET ASSETS, Beginning of year	<u>6,692,260</u>	<u>6,625,826</u>
NET ASSETS, End of year	<u>\$ 6,022,713</u>	<u>\$ 6,692,260</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, 2019**

	<u>Program services</u>			<u>Supporting services</u>			<u>Total</u>
	<u>RedRover Relief</u>	<u>RedRover Responders</u>	<u>Advocacy, public education & outreach</u>	<u>RedRover Readers</u>	<u>Fundraising</u>	<u>Mgmt & general</u>	
Salaries and benefits	\$ 322,732	\$ 287,322	\$ 331,275	\$ 382,071	\$ 46,037	\$ 142,658	\$ 1,512,095
Grants and aid	672,566	189,009					861,575
Printing	64,211	92,763	91,995	41,422	165,098	1,065	456,554
Postage and mailing services	46,335	61,962	146,476	45,598	125,702	192	426,265
Professional services	11,179	7,877	52,620	48,803	22,462	65,302	208,243
Transportation	16,120	120,034	3,884	14,037	2,957	4,684	161,716
Computer services	22,805	19,585	9,174	39,860	3,124	2,391	96,939
Depreciation	14,456	11,718	15,224	16,424	1,312	6,384	65,518
Taxes and fees	6,846	6,837	4,350	5,530	106	36,728	60,397
Media and communications	14,974	4,412	8,904	10,157	373	59	38,879
Conferences and training	2,569	2,701	4,093	17,118	407	3,833	30,721
Disaster relief	297	10,856	22	12,252	42	25	23,494
Occupancy	3,889	2,855	3,723	4,545	359	3,300	18,671
Equipment rental and maintenance	3,793	2,730	3,726	4,782	339	1,714	17,084
Insurance	3,218	4,143	3,358	4,321	251	1,526	16,817
Telephone	2,044	4,842	3,792	3,081	178	802	14,739
Supplies	2,422	1,816	2,228	3,924	261	2,754	13,405
Other expenses	588	750	491	1,427	5,073	585	8,914
Total	<u>\$ 1,211,044</u>	<u>\$ 832,212</u>	<u>\$ 685,335</u>	<u>\$ 655,352</u>	<u>\$ 374,081</u>	<u>\$ 274,002</u>	<u>\$ 4,032,026</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>Advocacy, public education & outreach</u>	<u>RedRover Readers</u>	<u>Fundraising</u>	<u>Mgmt & general</u>	
Salaries and benefits	\$ 276,414	\$ 194,261	\$ 253,894	\$ 315,421	\$ 45,917	\$ 134,115	\$ 1,220,022
Grants and aid	581,886	206,261					788,147
Printing	59,963	81,131	56,475	25,419	122,376	452	345,816
Postage and mailing services	47,269	70,612	119,113	16,709	108,070	290	362,063
Professional services	10,234	6,367	27,545	52,833	26,017	72,224	195,220
Transportation	12,161	95,487	3,473	8,494	22	8,570	128,207
Computer services	20,076	12,834	7,919	24,129	2,615	2,098	69,671
Depreciation	5,709	3,553	5,039	6,503	982	2,769	24,555
Taxes and fees	6,505	6,459	4,019	5,947	1,347	52,199	76,476
Media and communications	4,861	4,793	16,410	61,932	351		88,347
Conferences and training	7,092	2,214	2,121	3,911	1,197	2,243	18,778
Disaster relief		9,150		2,686	38	29	11,903
Occupancy	16,334	10,160	14,387	18,608	2,729	9,542	71,760
Equipment rental and maintenance	2,943	1,823	2,605	3,348	505	1,475	12,699
Insurance	2,544	2,818	2,239	3,011	198	1,264	12,074
Telephone	1,522	3,412	2,181	2,093	217	696	10,121
Supplies	1,865	1,322	1,835	2,132	417	1,212	8,783
Other expenses	2,363	1,936	2,567	3,197	4,902	2,369	17,334
Total	\$ 1,059,741	\$ 714,593	\$ 521,822	\$ 556,373	\$ 317,900	\$ 291,547	\$ 3,461,976

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

UNITED ANIMAL NATIONS (dba REDROVER)

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (669,547)	\$ 66,434
Reconciliation to net cash used by operating activities:		
Net realized and unrealized loss (gain) on investments	(565,478)	377,925
Donated investments	(26,441)	
Depreciation	65,518	24,555
Loss on disposal of fixed asset		725
Changes in:		
Accounts receivable	(18,972)	(8,877)
Grants and bequests receivable	666,393	(981,593)
Prepaid expenses and other assets	(2,462)	(3,745)
Accounts payable	(125,384)	128,286
Accrued expenses	(15,166)	59,156
Deferred revenue	5,061	(15,688)
Net cash used by operating activities	<u>(686,478)</u>	<u>(352,822)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(1,137,605)	(2,194,241)
Proceeds from sale and maturities of investments	2,618,927	3,457,272
Purchases of equipment and furniture	(31,296)	(1,597,178)
Net cash provided (used) by investing activities	<u>1,450,026</u>	<u>(334,147)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit		1,157,577
Principal payments on line of credit	(970,369)	(187,208)
Net cash provided (used) by investing activities	<u>(970,369)</u>	<u>970,369</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(206,821)	283,400
CASH AND CASH EQUIVALENTS, Beginning of year	<u>1,149,331</u>	<u>865,931</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 942,510</u>	<u>\$ 1,149,331</u>
SUPPLEMENTAL ACTIVITY:		
Cash paid for interest	<u>\$ 17,744</u>	<u>\$ 34,555</u>

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

UNITED ANIMAL NATIONS (dba REDROVER)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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 them build pet-friendly spaces and 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 addition, RedRover publishes *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. 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.

UNITED ANIMAL NATIONS (dba REDROVER)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Revenue recognition – Private foundation grants and contributions are recognized in full when received or unconditionally promised, in accordance with professional standards. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. 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 \$136,051 and \$106,363 for 2019 and 2018, 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.

RedRover's revenue from contracts with customers consists of sales of Kind News magazine and program service fees. Magazine sales are recognized over the magazine subscription period. Program service fees are recognized when the related event or service is completed. Funds received in advance of being earned are recorded as deferred revenue, which represents a contract liability. Receivables from contracts with customers totaled \$40,558, \$21,586, and \$12,709 at December 31, 2019, 2018, and 2017, respectively. Contract liabilities totaled \$51,125, \$46,064, and \$61,752 at December 31, 2019, 2018, and 2017, respectively.

Generally, payment is due from customers when they initiate or renew their magazine subscription. RedRover does not provide refunds for customers that wish to terminate their subscription prior to the end of the subscription period.

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 \$225,158 and \$429,215 at December 31, 2019 and 2018, respectively. RedRover has not experienced any losses in such accounts and management believes RedRover is not exposed to any significant credit risk related to cash.

Grants and bequests receivable are reported at the amount that RedRover expects to collect on balances outstanding a year-end. Based on management's assessment of the pledgers having outstanding balances and past history with the donor, it has concluded that losses on balances outstanding are unlikely; therefore, no allowance for contributions receivable is deemed necessary at December 31, 2019 and 2018.

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.

UNITED ANIMAL NATIONS (dba REDROVER)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Functional allocation of expenses – The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, 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.

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.

Recent accounting pronouncements – In May 2014, the Financial Accounting Standards Board (FASB) issued Topic 606, *Revenue from Contracts with Customers*. The new accounting standard develops a common standard that will remove inconsistencies in revenue requirements, improve comparability of revenue recognition practices, provide more useful information to users of financial statements and simplify the preparation of financial statements. RedRover has implemented Topic 606 effective January 1, 2019, for all contracts with no effect on beginning net assets.

In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The 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. RedRover has implemented this accounting standard in the accompanying financial statements effective January 1, 2019 under the modified prospective basis. Accordingly, there is no effect on beginning net assets in connection with the implementation of ASU 2018-08.

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, 2019 AND 2018

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 15, 2020, the date the financial statements were available to be issued. Management concluded that no other material subsequent events have occurred since December 31, 2019 that require recognition or disclosure in financial statements, except as noted in Footnote 10.

Reclassification – Certain 2018 amounts have been reclassified to conform with 2019 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 the years ending December 31:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 942,510	\$ 1,149,331
Accounts receivable	40,558	21,586
Grants and bequests receivable	355,200	1,021,593
Investments	3,210,394	4,099,797
Total financial assets	<u>4,548,662</u>	<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)	(809,225)	(1,100,054)
Investments held as collateral for debt (see note 6)	<u> </u>	<u>(970,369)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 3,739,437</u>	<u>\$ 4,221,884</u>

RedRover aims to maintain enough cash and cash equivalents to meet 4 months' worth of normal operating expenses (approximately \$1.1 million), in which no more than 50% of this should be 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 \$2.5 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, 2019 AND 2018

3. GRANTS AND BEQUESTS RECEIVABLE

Grants and bequests receivable consist of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Less than one year	\$ 55,200	\$ 571,593
One to five years	<u>300,000</u>	<u>450,000</u>
Total	<u>\$ 355,200</u>	<u>\$ 1,021,593</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>2019</u>	<u>2018</u>
Certificates of deposit		\$ 99,940
Government and agency bonds:		
US Treasury	\$ 425,007	508,954
Home mortgage bonds	266,627	429,235
Corporate bonds	514,356	665,371
Equity securities:		
Information technology	372,653	411,505
Financials	345,139	410,291
Consumer discretionary	209,789	284,648
Industrials	189,373	238,798
Telecommunication services	188,547	239,770
Consumer staples	145,198	127,987
Utilities	107,282	108,564
Energy	76,030	114,983
Materials	54,092	61,216
Real estate	46,246	48,295
Health care	42,715	62,410
Equity blend	107	28
Mutual Funds	201,518	262,307
Real estate investment trusts	<u>25,715</u>	<u>25,495</u>
Total	<u>\$ 3,210,394</u>	<u>\$ 4,099,797</u>

UNITED ANIMAL NATIONS (dba REDROVER)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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

	<u>2019</u>	<u>2018</u>
Interest and dividends, net of management fees	\$ 109,483	\$ 99,334
Net realized and unrealized gains (losses)	<u>565,478</u>	<u>(377,925)</u>
Total	<u>\$ 674,961</u>	<u>\$ (278,591)</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Land	\$ 420,000	\$ 420,000
Buildings	775,000	775,000
Building improvements	408,374	380,908
Equipment and furniture	<u>170,050</u>	<u>184,872</u>
Total	1,773,424	1,760,780
Less accumulated depreciation	<u>(151,208)</u>	<u>(104,342)</u>
Property and equipment, net	<u>\$ 1,622,216</u>	<u>\$ 1,656,438</u>

6. 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>2019</u>	<u>2018</u>
RedRover Relief	\$ 747,342	\$ 743,067
RedRover Responders	53,983	356,987
RedRover Readers	<u>7,900</u>	<u> </u>
Total	<u>\$ 809,225</u>	<u>\$ 1,100,054</u>

7. 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% (4.80% at December 31, 2019). The line of credit has interest only payments due monthly. There was no amount outstanding as of December 31, 2019. The balance as of December 31, 2018 was \$970,369. The line of credit is callable by Merrill Lynch and accordingly, was classified as a current liability.

UNITED ANIMAL NATIONS (dba REDROVER)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

8. 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 \$72,444 for December 31, 2019 and \$53,808 for 2018.

9. JOINT COSTS

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

	<u>2019</u>	<u>2018</u>
Program services	\$ 382,990	\$ 301,293
Fundraising	<u>216,515</u>	<u>160,863</u>
Total	<u>\$ 599,505</u>	<u>\$ 462,156</u>

10. SUBSEQUENT EVENTS

As a result of the COVID-19 outbreak subsequent to year end, economic uncertainties have arisen which are likely to have a negative impact on RedRover's net interest and investment income. Other financial impacts could occur, such as a decrease in annual contributions, though such potential impacts cannot be reasonably estimated at this time.