

**UNITED ANIMAL NATIONS
(dba REDROVER)**

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

**YEARS ENDED
DECEMBER 31, 2021 AND 2020**

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of United Animal Nations (dba RedRover), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Animal Nations (dba RedRover) as of December 31, 2021 and 2020, 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. 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 United Animal Nations (dba RedRover) and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Animal Nation's (dba RedRover) ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and

therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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



GILBERT CPAs
Sacramento, California

May 20, 2022

UNITED ANIMAL NATIONS (dba REDROVER)

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2021 AND 2020

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 2,687,705 | \$ 1,642,850 |
| Accounts receivable | 46,267 | 26,232 |
| Grants and bequests receivable, current portion | 254,186 | 499,884 |
| Prepaid expenses and other assets | <u>82,867</u> | <u>64,280</u> |
| Total current assets | 3,071,025 | 2,233,246 |
| INVESTMENTS | 3,758,472 | 3,275,017 |
| GRANTS AND BEQUESTS RECEIVABLE, Net | | 170,000 |
| PROPERTY AND EQUIPMENT, Net | <u>1,510,731</u> | <u>1,559,793</u> |
| TOTAL ASSETS | <u>\$ 8,340,228</u> | <u>\$ 7,238,056</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 141,924 | \$ 48,242 |
| Accrued expenses | 158,886 | 147,441 |
| Deferred revenue | <u>37,826</u> | <u>24,811</u> |
| Total current liabilities | <u>338,636</u> | <u>220,494</u> |
| NET ASSETS: | | |
| Without donor restrictions | 6,864,434 | 5,868,574 |
| With donor restrictions | <u>1,137,158</u> | <u>1,148,988</u> |
| Total net assets | <u>8,001,592</u> | <u>7,017,562</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 8,340,228</u> | <u>\$ 7,238,056</u> |

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

UNITED ANIMAL NATIONS (dba REDROVER)

STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2021 AND 2020

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| NET ASSETS WITHOUT DONOR RESTRICTIONS: | | |
| REVENUES: | | |
| Contributions and grants | \$ 3,559,281 | \$ 2,900,021 |
| Bequests | 723,219 | 905,952 |
| Interest and investment income | 386,424 | 260,503 |
| Program services | 6,843 | 7,607 |
| Kind News, net of cost of goods sold of \$114,470 in 2021 and \$107,615 in 2020 | (60,626) | (21,465) |
| Employee retention credit grant | | 110,000 |
| Other income | 27,034 | 16,140 |
| Net assets released from restrictions | <u>896,624</u> | <u>498,381</u> |
| Total revenues | <u>5,538,799</u> | <u>4,677,139</u> |
| EXPENSES: | | |
| Program services: | | |
| RedRover Relief | 1,734,272 | 1,379,344 |
| Advocacy, public education and outreach | 756,496 | 724,896 |
| RedRover Responders | 553,940 | 534,564 |
| RedRover Readers | <u>520,924</u> | <u>552,720</u> |
| Total program services | 3,565,632 | 3,191,524 |
| Supporting services: | | |
| Fundraising | 671,107 | 543,462 |
| Management and general | <u>306,200</u> | <u>287,067</u> |
| Total expenses | <u>4,542,939</u> | <u>4,022,053</u> |
| INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS | <u>995,860</u> | <u>655,086</u> |
| NET ASSETS WITH DONOR RESTRICTIONS: | | |
| Contributions | 884,794 | 838,144 |
| Net assets released from restrictions | <u>(896,624)</u> | <u>(498,381)</u> |
| INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS | <u>(11,830)</u> | <u>339,763</u> |
| INCREASE IN NET ASSETS | 984,030 | 994,849 |
| NET ASSETS, Beginning of year | <u>7,017,562</u> | <u>6,022,713</u> |
| NET ASSETS, End of year | <u>\$ 8,001,592</u> | <u>\$ 7,017,562</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, 2021

| | <u>Program services</u> | | | <u>Supporting services</u> | | | <u>Total</u> |
|----------------------------------|----------------------------|--|--------------------------------|-----------------------------|--------------------------|-------------------------------|----------------------------|
| | <u>RedRover Relief</u> | <u>Advocacy, public education & outreach</u> | <u>RedRover Responders</u> | <u>RedRover Readers</u> | <u>Fundraising</u> | <u>Mgmt & general</u> | |
| Salaries and benefits | \$ 474,310 | \$ 373,087 | \$ 300,273 | \$ 397,330 | \$ 72,207 | \$ 184,014 | \$ 1,801,221 |
| Grants and aid | 1,057,319 | | | | | | 1,057,319 |
| Printing | 45,317 | 102,719 | 59,732 | 5,260 | 319,309 | 487 | 532,824 |
| Postage and mailing services | 36,878 | 153,679 | 33,215 | 4,549 | 239,631 | 128 | 468,080 |
| Professional services | 19,389 | 60,568 | 11,557 | 19,260 | 23,351 | 74,462 | 208,587 |
| Computer services | 21,246 | 11,053 | 21,845 | 31,315 | 3,563 | 5,284 | 94,306 |
| Transportation | 4,016 | 101 | 70,587 | 132 | 7 | 107 | 74,950 |
| Taxes and fees | 15,650 | 7,597 | 11,670 | 8,515 | 172 | 21,793 | 65,397 |
| Depreciation | 16,478 | 14,210 | 9,862 | 14,856 | 2,256 | 6,949 | 64,611 |
| Media and communications | 20,885 | 13,620 | 3,724 | 19,780 | 2,258 | | 60,267 |
| Telephone | 6,372 | 5,642 | 4,338 | 4,176 | 628 | 2,057 | 23,213 |
| Disaster relief | 252 | | 16,809 | 2,335 | 252 | | 19,648 |
| Occupancy | 4,791 | 3,940 | 2,686 | 3,974 | 603 | 1,949 | 17,943 |
| Conferences and training | 3,065 | 3,503 | 1,792 | 3,054 | 1,134 | 4,345 | 16,893 |
| Insurance | 3,836 | 2,813 | 3,164 | 2,852 | 384 | 1,416 | 14,465 |
| Equipment rental and maintenance | 2,510 | 2,023 | 1,397 | 1,997 | 286 | 1,168 | 9,381 |
| Supplies | 1,157 | 1,182 | 817 | 980 | 104 | 469 | 4,709 |
| Other expenses | 801 | 759 | 472 | 559 | 4,962 | 1,572 | 9,125 |
| Total | <u>\$ 1,734,272</u> | <u>\$ 756,496</u> | <u>\$ 553,940</u> | <u>\$ 520,924</u> | <u>\$ 671,107</u> | <u>\$ 306,200</u> | <u>\$ 4,542,939</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, 2020**

| | Program services | | | Supporting services | | | Total |
|----------------------------------|---------------------|--|------------------------|---------------------|-------------------|-------------------|---------------------|
| | RedRover Relief | Advocacy, public education & outreach | RedRover Responders | RedRover Readers | Fundraising | Mgmt & general | |
| Salaries and benefits | \$ 400,238 | \$ 371,587 | \$ 288,066 | \$ 393,387 | \$ 73,044 | \$ 171,946 | \$ 1,698,268 |
| Grants and aid | 811,931 | | 45,949 | | | | 857,880 |
| Printing | 45,536 | 102,346 | 72,628 | 21,247 | 253,886 | 490 | 496,133 |
| Postage and mailing services | 26,282 | 152,463 | 39,277 | 10,590 | 181,091 | 213 | 409,916 |
| Professional services | 11,215 | 39,617 | 6,177 | 25,564 | 20,846 | 70,517 | 173,936 |
| Computer services | 18,198 | 9,634 | 19,967 | 40,135 | 3,298 | 4,894 | 96,126 |
| Transportation | 3,487 | 60 | 22,024 | 1,636 | 60 | 779 | 28,046 |
| Taxes and fees | 12,837 | 6,048 | 8,669 | 6,735 | 217 | 21,073 | 55,579 |
| Depreciation | 16,601 | 14,162 | 9,924 | 15,133 | 2,116 | 7,161 | 65,097 |
| Media and communications | 12,970 | 11,020 | 3,888 | 16,603 | 1,238 | | 45,719 |
| Telephone | 4,424 | 4,456 | 4,584 | 3,317 | 439 | 1,898 | 19,118 |
| Disaster relief | | | 2,916 | 2,342 | | 25 | 5,283 |
| Occupancy | 4,498 | 3,959 | 2,459 | 4,190 | 614 | 2,879 | 18,599 |
| Conferences and training | 2,899 | 2,134 | 2,106 | 3,454 | 997 | 1,306 | 12,896 |
| Insurance | 3,418 | 2,641 | 2,995 | 3,575 | 524 | 1,580 | 14,733 |
| Equipment rental and maintenance | 2,111 | 2,281 | 1,153 | 2,001 | 292 | 968 | 8,806 |
| Supplies | 2,302 | 1,753 | 1,311 | 1,897 | 265 | 1,079 | 8,607 |
| Other expenses | 397 | 735 | 471 | 914 | 4,535 | 259 | 7,311 |
| Total | \$ 1,379,344 | \$ 724,896 | \$ 534,564 | \$ 552,720 | \$ 543,462 | \$ 287,067 | \$ 4,022,053 |

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

UNITED ANIMAL NATIONS (dba REDROVER)

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2021 AND 2020

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Increase in net assets | \$ 984,030 | \$ 994,849 |
| Reconciliation to net cash and cash equivalents provided by operating activities: | | |
| Net realized and unrealized gain on investments | (276,243) | (206,946) |
| Donated investments | (180,218) | (87,218) |
| Depreciation | 64,611 | 65,097 |
| Changes in: | | |
| Accounts receivable | (20,035) | 14,326 |
| Grants and bequests receivable | 415,698 | (314,684) |
| Prepaid expenses and other assets | (18,587) | 3,650 |
| Accounts payable | 93,682 | 8,316 |
| Accrued expenses | 11,445 | 22,397 |
| Deferred revenue | 13,015 | (26,314) |
| Net cash provided by operating activities | <u>1,087,398</u> | <u>473,473</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of investments | (2,932,174) | (1,838,915) |
| Proceeds from sale and maturities of investments | 2,905,180 | 2,068,456 |
| Purchases of property and equipment | (15,549) | (2,674) |
| Net cash provided (used) by investing activities | <u>(42,543)</u> | <u>226,867</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 1,044,855 | 700,340 |
| CASH AND CASH EQUIVALENTS, Beginning of year | <u>1,642,850</u> | <u>942,510</u> |
| CASH AND CASH EQUIVALENTS, End of year | <u>\$ 2,687,705</u> | <u>\$ 1,642,850</u> |

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

UNITED ANIMAL NATIONS (dba REDROVER)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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 statements 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, 2021 AND 2020

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 approximately \$53,000 and \$17,000 for 2021 and 2020, 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. Bequests receivables represent those amounts for which both amount and timing of payment is known.

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 \$41,590, \$20,559, and \$31,459 at December 31, 2021, 2020, and 2019, respectively. Contract liabilities totaled \$37,826, \$24,811, and \$51,125 at December 31, 2021, 2020, and 2019, 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 cash with financial institutions in excess of federal depository insurance limits of \$1,398,565 and \$515,691 at December 31, 2021 and 2020, 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 donors 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, 2021 and 2020.

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 capitalizes all such items with a cost of \$500 or more.

UNITED ANIMAL NATIONS (dba REDROVER)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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

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 salaries and benefits, occupancy, insurance, fees, 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.

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).

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 20, 2022, the date the financial statements were available to be issued. Management concluded that no other material subsequent events have occurred since December 31, 2021 that require recognition or disclosure in financial statements.

UNITED ANIMAL NATIONS (dba REDROVER)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| Cash and cash equivalents | \$ 2,687,705 | \$ 1,642,850 |
| Accounts receivable | 46,267 | 26,232 |
| Grants and bequests receivable | 254,186 | 669,884 |
| Investments | <u>3,758,472</u> | <u>3,275,017</u> |
| Total financial assets | <u>6,746,630</u> | <u>5,613,983</u> |
| Less amounts unavailable for general expenditures within one year, due to: | | |
| Restricted by donors with purpose restrictions (see Note 6) | <u>(1,117,158)</u> | <u>(1,128,988)</u> |
| Total financial assets available to management for general expenditure within one year | <u>\$ 5,629,472</u> | <u>\$ 4,484,995</u> |

RedRover aims to maintain enough cash and cash equivalents to meet 4 months' worth of normal operating expenses (approximately \$1.5 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.

3. GRANTS AND BEQUESTS RECEIVABLE

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

| | <u>2021</u> | <u>2020</u> |
|--------------------|-----------------------------|-------------------|
| Less than one year | \$ 254,186 | \$ 499,884 |
| One to five years | <u> </u> | <u>170,000</u> |
| Total | <u>\$ 254,186</u> | <u>\$ 669,884</u> |

UNITED ANIMAL NATIONS (dba REDROVER)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

4. INVESTMENTS

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>2021</u> | <u>2020</u> |
|-------------------------------|---------------------|---------------------|
| Government and agency bonds: | | |
| US Treasury | \$ 530,962 | \$ 372,956 |
| Home mortgage bonds | 117,431 | 249,189 |
| Corporate bonds | 548,142 | 535,080 |
| Equity securities: | | |
| Information technology | 600,178 | 410,482 |
| Financials | 378,015 | 283,638 |
| Industrials | 317,122 | 291,868 |
| Consumer discretionary | 292,345 | 242,559 |
| Communication services | 227,266 | 211,952 |
| Materials | 129,951 | 82,430 |
| Consumer staples | 109,370 | 114,020 |
| Health care | 84,340 | 76,636 |
| Energy | 72,105 | 47,226 |
| Utilities | 52,384 | 61,815 |
| Real estate | 40,291 | 32,923 |
| Mutual funds | 235,279 | 237,949 |
| Real estate investment trusts | <u>23,291</u> | <u>23,291</u> |
| Total | <u>\$ 3,758,472</u> | <u>\$ 3,275,017</u> |

Interest and investment income consist of the following:

| | <u>2021</u> | <u>2020</u> |
|--|-------------------|-------------------|
| Interest and dividends, net of management fees | \$ 110,181 | \$ 53,557 |
| Net realized and unrealized gains | <u>276,243</u> | <u>206,946</u> |
| Total | <u>\$ 386,424</u> | <u>\$ 260,503</u> |

UNITED ANIMAL NATIONS (dba REDROVER)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

| | <u>2021</u> | <u>2020</u> |
|-------------------------------|---------------------|---------------------|
| Land | \$ 420,000 | \$ 420,000 |
| Buildings | 775,000 | 775,000 |
| Building improvements | 408,374 | 408,374 |
| Equipment and furniture | 174,082 | 163,868 |
| Total | 1,777,456 | 1,767,242 |
| Less accumulated depreciation | (266,725) | (207,449) |
| Property and equipment, net | <u>\$ 1,510,731</u> | <u>\$ 1,559,793</u> |

6. NET ASSETS WITH DONOR RESTRICTIONS

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

| | <u>2021</u> | <u>2020</u> |
|---------------------|---------------------|---------------------|
| Purpose restricted: | | |
| RedRover Relief | \$ 1,106,314 | \$ 1,098,144 |
| RedRover Responders | 10,844 | 10,844 |
| Time restricted | 20,000 | 40,000 |
| Total | <u>\$ 1,137,158</u> | <u>\$ 1,148,988</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, 2021 and 2020). The line of credit has interest only payments due monthly. There was no amount outstanding as of December 31, 2021 and 2020.

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 \$91,900 for 2021 and \$86,555 for 2020.

UNITED ANIMAL NATIONS (dba REDROVER)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

9. JOINT COSTS

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

| | <u>2021</u> | <u>2020</u> |
|------------------|-------------------|-------------------|
| Program services | \$ 196,820 | \$ 278,343 |
| Fundraising | <u>434,306</u> | <u>326,605</u> |
| Total | <u>\$ 631,126</u> | <u>\$ 604,948</u> |