

**NEVADA SOCIETY FOR THE PREVENTION OF CRUELTY TO
ANIMALS**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023 AND 2022



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**NEVADA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
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YEAR ENDED DECEMBER 31, 2023 AND 2022**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Nevada Society for the Prevention of Cruelty to Animals
Las Vegas, Nevada

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Nevada Society for the Prevention of Cruelty to Animals, which comprise the statements of financial position as of December 31, 2023 and 2022, 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 Nevada Society for the Prevention of Cruelty to Animals as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nevada Society for the Prevention of Cruelty to Animals 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 Nevada Society for the Prevention of Cruelty to Animals' ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' 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 audits.
- 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 audits 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 Nevada Society for the Prevention of Cruelty to Animals' 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 Nevada Society for the Prevention of Cruelty to Animals' 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 audits, significant audit findings, and certain internal control related matters that we identified during the audit.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Las Vegas, Nevada
July 25, 2024

NEVADA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

ASSETS	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 477,876	\$ 900,356
Accounts Receivable	560,417	253,189
Prepaid Expenses and Other Current Assets	70,575	89,066
Total Current Assets	<u>1,108,868</u>	<u>1,242,611</u>
LONG-TERM ASSETS		
Property and Equipment, Net	2,057,915	2,330,261
Right-of-Use Assets, Net	1,194,026	1,401,495
Beneficial Interests in Trusts Held by Others	76,045	72,692
Investments	87,588	84,384
Total Long-Term Assets	<u>3,415,574</u>	<u>3,888,832</u>
Total Assets	<u>\$ 4,524,442</u>	<u>\$ 5,131,443</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 110,529	\$ 47,347
Accrued Expenses	68,009	69,107
Notes Payable, Current Portion	3,748	6,271
Right-of-Use Liability, Current Portion	201,168	190,988
Deferred Revenue	-	175,480
Total Current Liabilities	<u>383,454</u>	<u>489,193</u>
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	11,208	15,225
Right-of-Use Liability, Net of Current Portion	1,033,642	1,234,810
Total Long-Term Liabilities	<u>1,044,850</u>	<u>1,250,035</u>
NET ASSETS		
Without Donor Restrictions	2,813,656	3,279,134
With Donor Restrictions	282,482	113,081
Total Net Assets	<u>3,096,138</u>	<u>3,392,215</u>
Total Liabilities and Net Assets	<u>\$ 4,524,442</u>	<u>\$ 5,131,443</u>

See accompanying Notes to Financial Statements.

NEVADA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Fundraising Donations	\$ 1,343,044	\$ 410,475	\$ 1,753,519
Program Services	246,104	-	246,104
In-Kind Contributions	677,745	-	677,745
Gross Special Events Revenue	8,719	-	8,719
Less: Cost of Direct Benefits to Donors	(48,025)	-	(48,025)
Net Special Events Revenue	(39,306)	-	(39,306)
Distributions from Beneficial Interests in Trusts	697,732	-	697,732
Net Investment Return	15,459	-	15,459
Miscellaneous Other Income	2,249	-	2,249
Net Assets Released from Restriction	241,074	(241,074)	-
Total Revenue, Support, and Gains	3,184,101	169,401	3,353,502
EXPENSES AND LOSSES			
Program Services	3,464,972	-	3,464,972
Fundraising	184,607	-	184,607
Total Expenses	3,649,579	-	3,649,579
CHANGE IN NET ASSETS	(465,478)	169,401	(296,077)
Net Assets - Beginning of Year	3,279,134	113,081	3,392,215
NET ASSETS - END OF YEAR	<u>\$ 2,813,656</u>	<u>\$ 282,482</u>	<u>\$ 3,096,138</u>

See accompanying Notes to Financial Statements.

NEVADA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Fundraising Donations	\$ 1,063,174	\$ 161,645	\$ 1,224,819
Program Services	222,734	-	222,734
In-Kind Contributions	523,788	-	523,788
Gross Special Events Revenue	113,678	-	113,678
Less: Cost of Direct Benefits to Donors	(63,939)	-	(63,939)
Net Special Events Revenue	49,739	-	49,739
Distributions from Beneficial Interests in Trusts	1,325,140	-	1,325,140
Net Investment Return	5,602	-	5,602
Miscellaneous Other Income	10,893	-	10,893
ERC Credits	202,899	-	202,899
Net Assets Released from Restriction	194,114	(194,114)	-
Total Revenue, Support, and Gains	3,598,083	(32,469)	3,565,614
EXPENSES AND LOSSES			
Program Services	3,174,363	-	3,174,363
Fundraising:	254,022	-	254,022
Total Expenses	3,428,385	-	3,428,385
CHANGE IN NET ASSETS	169,698	(32,469)	137,229
Net Assets - Beginning of Year	3,109,436	145,550	3,254,986
NET ASSETS - END OF YEAR	<u>\$ 3,279,134</u>	<u>\$ 113,081</u>	<u>\$ 3,392,215</u>

See accompanying Notes to Financial Statements.

NEVADA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	2023			
	Program Services	Fundraising	Special Events Direct Benefits To Donor	Total
Salaries	\$ 1,258,631	\$ 161,734	\$ -	\$ 1,420,365
Payroll Taxes and Fringe Benefits	204,605	-	-	204,605
Professional Fees and Contract Services	59,500	7,720	-	67,220
Supplies	128,287	-	-	128,287
Printing, Publications and Artwork	2,910	-	-	2,910
Animal Expenses	276,443	-	-	276,443
Postage, Shipping and Delivery	4,244	15,153	-	19,397
Bank and Investment	27,440	-	-	27,440
Occupancy	392,083	-	-	392,083
Taxes and Licenses	4,145	-	-	4,145
Insurance	45,827	-	-	45,827
Travel	46,889	-	-	46,889
Meetings and Conferences	7,390	-	-	7,390
Meals and Entertainment	5,350	-	-	5,350
Membership Dues and Subscriptions	8,667	-	-	8,667
Advertising	638,484	-	-	638,484
Uniforms	160	-	-	160
Depreciation Expense	345,190	-	-	345,190
Miscellaneous Expense	8,727	-	-	8,727
	<u>\$ 3,464,972</u>	<u>\$ 184,607</u>	48,025	3,697,604
Less: Cost of Direct Benefits to Donors			<u>(48,025)</u>	<u>(48,025)</u>
Total			<u>\$ -</u>	<u>\$ 3,649,579</u>

See accompanying Notes to Financial Statements.

NEVADA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	2022			
	Program Services	Fundraising	Special Events Direct Benefits To Donor	Total
Salaries	\$ 1,116,464	\$ 226,232	\$ -	\$ 1,342,696
Payroll Taxes and Fringe Benefits	173,611	-	-	173,611
Professional Fees and Contract Services	102,452	8,479	-	110,931
Supplies	202,762	-	-	202,762
Printing, Publications and Artwork	3,619	-	-	3,619
Animal Expenses	233,763	-	-	233,763
Postage, Shipping and Delivery	8,103	19,311	-	27,414
Bank and Investment	28,836	-	-	28,836
Occupancy	333,955	-	-	333,955
Taxes and Licenses	1,566	-	-	1,566
Insurance	46,457	-	-	46,457
Travel	33,821	-	-	33,821
Meetings and Conferences	4,745	-	-	4,745
Meals and Entertainment	5,127	-	-	5,127
Membership Dues and Subscriptions	6,205	-	-	6,205
Advertising	507,890	-	-	507,890
Uniforms	773	-	-	773
Depreciation Expense	341,571	-	-	341,571
Miscellaneous Expense	22,643	-	-	22,643
	<u>\$ 3,174,363</u>	<u>\$ 254,022</u>	<u>63,939</u>	<u>3,492,324</u>
Less: Cost of Direct Benefits to Donors			<u>(63,939)</u>	<u>(63,939)</u>
Total			<u>\$ -</u>	<u>\$ 3,428,385</u>

See accompanying Notes to Financial Statements.

NEVADA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (296,077)	\$ 137,229
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	345,190	341,571
Realized and Unrealized Loss on Operating Investments	(6,035)	12,654
Change in Beneficial Interests in Assets Held by Others	(3,353)	(28,145)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(307,228)	(224,785)
Prepaid Expenses and Other Assets	18,491	7,538
Accounts Payable	63,182	(96,260)
Accrued Expenses and Other Liabilities	(1,098)	48,890
Deferred Revenue	(175,480)	140,739
Net Cash Provided (Used) by Operating Activities	(362,408)	339,431
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Operating Investments	-	(443)
Proceeds from Sales of Operating Investments	2,831	1,294
Purchases of Property and Equipment	(72,844)	(162,793)
Right-of-Use Asset lease cost	16,481	24,303
Net Cash Used by Investing Activities	(53,532)	(137,639)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt	(6,540)	(6,924)
Net Cash Used by Financing Activities	(6,540)	(6,924)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(422,480)	194,868
Cash and Cash Equivalents - Beginning of Year	900,356	705,488
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 477,876	\$ 900,356
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest	\$ 4,389	\$ 1,778

See accompanying Notes to Financial Statements.

NEVADA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Nevada Society for the Prevention of Cruelty to Animals (the Society, we, us, our) is a nonprofit organization established in 1982 as Southern Nevada's original no-kill shelter. The Society takes in over 2,000 dogs, cats, rabbits, and other small pets annually; treating each animal in our care as an individual with a name, identity, and unique personality. Our ultimate goal is to place them into loving homes where they can thrive, provide companionship, and maintain rewarding relationships with their human family.

Basis of Accounting

The financial statements of the Society have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Estimates

Timely 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, some of which may need revision in future periods.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under FASB ASC, the Society is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The financial statement presentation in these financial statements follows the recommendations of authoritative accounting guidance generally accepted in the United States. Net assets and revenues and other support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) 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- (or certain grantor-) 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

NEVADA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted and Unrestricted Revenues

Contributions received, as well as investment income, are recorded as increases in net assets, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires, donor-restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions and investment income whose restrictions are met in the same period received are reported as unrestricted support.

Income Tax Status

The Society is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes on related income pursuant to the appropriate section of the Internal Revenue Code.

Concentration of Credit Risk

Financial instruments that potentially subject the Society to concentrations of credit risk consist principally of cash and cash equivalents. The Society places its cash and cash equivalents with high credit quality financial institutions and generally limits the amount of credit exposure to the amount in excess of the Federal Deposit Insurance Corporation (FDIC) insurance coverage limit of \$250,000. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

Cash and Cash Equivalents

The Society considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Receivables and Credit Policies

Accounts receivable are stated as unpaid balances, less any discounts and allowance for credit losses. The Society provides for losses on receivables using the allowance method. The allowance is based on experience, future expected credit losses, and other circumstances, which may affect the ability of parties to meet their obligations. It is the Society's policy to allow for any uncollectible receivables when management determines the receivable will not be collected. All receivables were deemed to be collectable and no allowances were made as of December 31, 2023 and 2022.

NEVADA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are carried at cost, or if donated, at the approximate fair value at the date of the donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The Society capitalizes items that have a useful life greater than one year and a cost of \$5,000 or more.

Impairment of Long-Lived Assets

The Society reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount which the carrying amount of the assets exceeds the fair value of the assets.

Beneficial Interests in Charitable Trusts Held by Others

The Society has been named as an irrevocable beneficiary of several charitable trusts held and administered by independent trustees. These trusts were created independently by donors and are administered by outside agents designated by the donors. Therefore, we have neither possession nor control over the assets of the trusts. At the date we receive notice of a beneficial interest, a contribution with donor restrictions is recorded in the statement of activities, and a beneficial interest in charitable trusts held by others is recorded in the statement of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Thereafter, beneficial interests in the trusts are reported at fair value in the statement of financial position, with changes in fair value recognized in the statement of activities.

Upon receipt of trust distributions or expenditures, or both, in satisfaction of the donor-restricted purpose, if any, net assets with donor-imposed time or purpose restrictions are released to net assets without donor restrictions. Trust distributions with donor-imposed restrictions that are perpetual in nature are transferred to the endowment, in which case, net assets with donor-restrictions are not released.

NEVADA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Society records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by accounting principles generally accepted in the United States of America. Contributed goods are recorded at fair value at the date of donation. We record donated professional services at the respective fair values of the services received (Note 8).

Leases

The Society leases equipment and a building. The Society determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets and lease liabilities on the balance sheet.

ROU assets represent the Society's right to use an underlying asset for the lease term and lease liabilities represent the Society's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Society uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Society will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Society has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the balance sheet.

The Society has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

The Society's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

NEVADA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

In evaluating contracts to determine if they qualify as a lease, the Society considers factors such as if the Society has obtained substantially all of the rights to the underlying asset through exclusivity, if the Society can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Society has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

Advertising Costs

Advertising costs are expensed as incurred and approximated \$638,484 during the year ended December 31, 2023.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement 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.

Adoption of New Accounting Standards

The Society has adopted the current expected credit losses (CECL) methodology for estimating credit losses on financial assets, effective January 1, 2023, utilizing the modified retrospective transition method. The adoption of CECL resulted in changes to the Society's accounting policies, including the recognition of credit losses based on expected future credit losses rather than incurred credit losses. The adoption of CECL did not have a material impact on the Society's financial statements. The Society also updated its accounting policies for determining the recoverability of member assessment receivables.

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations. An adjustment has been made to the balance sheet and income statement for the year ended December 31, 2022.

Subsequent Events

We have evaluated subsequent events through July 25, 2024, the date the financial statements were available to be issued.

NEVADA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 LIQUIDITY AND AVAILABILITY

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

	2023	2022
Cash and Cash Equivalents	\$ 477,876	\$ 900,356
Accounts Receivable	560,417	253,189
Total Financial Assets	1,038,293	1,153,545
Less: Amounts Not Available to be Used Within One Year	282,482	113,081
Financial Assets Available to Meet General Expenditures Within One Year	\$ 755,811	\$ 1,040,464

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES

The Society reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

NEVADA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset.

A significant portion of our investment assets are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values. The fair values of beneficial interests in charitable are determined by us using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of trust investments as reported by the trustees. These are considered to be Level 3 measurements.

The following table presents assets and is measured at fair value on a recurring basis, except those measured at cost or by using net asset value (NAV) per share as a practical expedient as identified in the following, at December 31, 2023:

	Total	Fair Value Measurements at Report Date Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV
Operating Investments:					
Money Market Accounts	\$ 63,047	\$ 63,047	\$ -	\$ -	\$ -
Equity	7,444	7,444	-	-	-
Fixed Income	12,530	12,530	-	-	-
Alternative Funds	4,567	4,567	-	-	-
Total	<u>\$ 87,588</u>	<u>\$ 87,588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Beneficial Interests in:					
Charitable Trusts Held by Others	<u>\$ 76,045</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,045</u>	<u>\$ -</u>

NEVADA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
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NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

The following table presents assets and is measured at fair value on a recurring basis, except those measured at cost or by using net asset value (NAV) per share as a practical expedient as identified in the following, at December 31, 2022:

	Fair Value Measurements at Report Date Using				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV
Operating Investments:					
Money Market Accounts	\$ 60,502	\$ 60,502	\$ -	\$ -	\$ -
Equity	7,141	7,141	-	-	-
Fixed Income	12,174	12,174	-	-	-
Alternative Funds	4,567	4,567	-	-	-
Total	<u>\$ 84,384</u>	<u>\$ 84,384</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Beneficial Interests in:					
Charitable Trusts Held by Others	<u>\$ 72,692</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,692</u>	<u>\$ -</u>

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31:

	Fair Value Measurements at Report Date Using Significant Unobservable Inputs (Level 3)	
	Assets Held by Community Foundation	Beneficial Interests Perpetual Trusts
Balance at December 31, 2021	\$ 44,547	\$ -
Purchases/Contributions of Investments	-	35,924
Investment Return, Net	23,822	(11,289)
Distributions	(20,312)	-
Balance at December 31, 2022	<u>\$ 48,057</u>	<u>\$ 24,635</u>
Purchases/Contributions of Investments	-	-
Investment Return, Net	22,515	712
Distributions	(17,678)	(2,196)
Balance at December 31, 2023	<u>\$ 52,894</u>	<u>\$ 23,151</u>

NEVADA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
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NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	<u>2023</u>	<u>2022</u>
Automobiles	\$ 77,100	\$ 45,028
Buildings and Improvements	2,147,210	2,087,449
Construction in Process	-	21,091
Equipment	48,192	48,997
Furniture and Fixtures	520,796	520,976
Subtotal	<u>2,793,298</u>	<u>2,723,541</u>
Less: Accumulated Depreciation	<u>(735,383)</u>	<u>(393,100)</u>
Total Property and Equipment	<u><u>\$ 2,057,915</u></u>	<u><u>\$ 2,330,441</u></u>

Depreciation expense totaled \$345,190 and \$341,571 for the years ended December 31, 2023 and 2022, respectively.

NOTE 5 NOTES PAYABLE

Notes payable consist of the following at December 31:

<u>Description</u>	<u>2023</u>	<u>2022</u>
Note payable, due in monthly installments of \$288.91, interest rate of 6.80% , due September 2023 secured by automobile	\$ -	\$ 2,523
Note payable, due in monthly installments of \$323.84, interest rate of 7.00% , due September 2027 secured by automobile	<u>14,956</u>	<u>18,973</u>
Total	<u><u>\$ 14,956</u></u>	<u><u>\$ 21,496</u></u>

Future maturities of notes payable are as follows:

<u>Year Ending December 31,</u>	<u>Notes Payable</u>
2024	\$ 3,748
2025	3,748
2026	3,748
2027	<u>3,712</u>
Total	<u><u>\$ 14,956</u></u>

NEVADA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
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NOTE 6 LEASES

The Society leases a building and equipment for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2029. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

The following table provides quantitative information concerning the Society's leases:

Operating Lease Costs	\$ 219,852
Finance Lease Costs	1,389
Total Lease Cost	<u>\$ 221,241</u>

Weighted Average Remaining Operating Lease Term	5.5 Years
Weighted Average Remaining Finance Lease Term	2.0 Years

Weighted Average Discount Rate - Operating	1.04%
Weighted Average Discount Rate - Finance	1.37%

The Society classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2023 is as follows:

<u>Year Ending December 31,</u>	<u>Operating Amount</u>	<u>Finance Amount</u>	<u>Total</u>
2024	\$ 211,506	\$ 1,380	\$ 212,886
2025	223,693	1,380	225,073
2026	232,491	-	232,491
2027	232,491	-	232,491
2028	232,491	-	232,491
Thereafter	135,620	-	135,620
Undiscounted Cash Flows	1,268,293	2,760	1,271,053
Less: Imputed Interest	<u>(36,207)</u>	<u>(36)</u>	<u>(36,243)</u>
Total Present Value	<u>\$ 1,232,086</u>	<u>\$ 2,724</u>	<u>\$ 1,234,810</u>
Short-Term Lease Liabilities	\$ 199,815	\$ 1,353	\$ 201,168
Long-Term Lease Liabilities	<u>1,032,271</u>	<u>1,371</u>	<u>1,033,642</u>
Total	<u>\$ 1,232,086</u>	<u>\$ 2,724</u>	<u>\$ 1,234,810</u>

NEVADA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
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NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods.

	<u>2023</u>	<u>2022</u>
Subject to Expenditure for Specified Purpose:		
Engelstad	\$ 200,000	\$ -
Grey Muzzle Organization	6,437	10,127
Dave and Cheryl Duffield Challenge Grant	-	30,262
Subject to Passage of Time:		
Beneficial Interests in Charitable Trusts Held by Others	76,045	72,692
Total Net Assets with Donor Restrictions	<u>\$ 282,482</u>	<u>\$ 113,081</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31:

	<u>2023</u>	<u>2022</u>
Satisfaction of Purpose Restrictions:		
Clark County OAG Grant	\$ -	\$ 40,000.50
Dave and Cheryl Duffield HSUS Conference	21,620	3,000
Dave and Cheryl Duffield Challenge Grant	30,262	49,738
Grey Muzzle Organization	14,192	373
PetsMart Grant	-	91,003
Best Friends Animal Foundation	-	10,000
Engelstad	175,000	-
Total Net Assets Released from Donor Restrictions	<u>\$ 241,074</u>	<u>\$ 194,114</u>

NOTE 8 DONATED PROFESSIONAL SERVICES AND MATERIALS

The Society receives a significant amount of donated services from unpaid volunteers. The value of such services has not been reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition as contributed services.

Generally, donated materials, if significant in amount, are recorded at their fair market value, provided the Society has a clearly measurable and objective basis for determining the value. In the case of materials where such values cannot reasonably be determined, the donation is not recorded.

In accordance with FASB ASC, donated professional services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would otherwise be purchased by the Society.

NEVADA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
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NOTE 8 DONATED PROFESSIONAL SERVICES AND MATERIALS (CONTINUED)

The Society received donated professional services and goods as follows during the year ended December 31:

	Program Services	Management and General	Fundraising and Development	Total
<u>December 31, 2023</u>				
Special Events	\$ 1,400	\$ -	\$ -	\$ 1,400
Supplies	-	-	40,883	40,883
Vehicle	32,072	-	-	32,072
Advertising	-	-	603,390	603,390
Total	<u>\$ 33,472</u>	<u>\$ -</u>	<u>\$ 644,273</u>	<u>\$ 677,745</u>
<u>December 31, 2022</u>				
Special Events	\$ 10,175	\$ -	\$ -	\$ 10,175
Supplies	-	-	29,117	29,117
Advertising	-	-	484,496	484,496
Total	<u>\$ 10,175</u>	<u>\$ -</u>	<u>\$ 513,613</u>	<u>\$ 523,788</u>

NOTE 9 FUNCTIONALIZED EXPENSES

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 occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

NOTE 10 EMPLOYEE BENEFITS

The Society offers a simple IRA (the Plan) where all fulltime employees can enroll upon hiring and voluntarily contribute a percentage of their earnings up to the maximum contribution allowed by the Internal Revenue Service (IRS). The Society will match participating employee's contributions between 1% and 3% of the employee's compensation to be determined by the board of directors approval of each year's annual budget. During the year ended December 31, 2023 and 2022, the Society matched employee voluntary contributions up to 1%, resulting in contributions to the plan of \$5,479 and \$4,775, respectively.



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