

**MUTTVILLE**

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

**YEARS ENDED  
DECEMBER 31, 2023 AND 2022**

## **INDEPENDENT AUDITOR’S REPORT**

**Board of Directors  
Muttville  
San Francisco, California**

### **Opinion**

We have audited the accompanying financial statements of Muttville (a nonprofit organization), 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 Muttville as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Muttville 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 Muttville’s 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 Muttville's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Muttville's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



**GILBERT CPAs**  
**Sacramento, California**

**November 15, 2024**

# MUTTVILLE

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 3,340,033	\$ 4,857,291
Short-term investments	19,209,095	16,111,194
Current portion of contributions receivable	5,651,323	1,153,163
Current portion of split-interest agreement assets	1,001,250	1,001,250
Prepaid expenses	126,453	97,474
Property held for sale	300,000	
Total current assets	<u>29,628,154</u>	<u>23,220,372</u>
<b>NON-CURRENT ASSETS:</b>		
Contributions receivable, net		5,242,139
Split-interest agreement assets, net	4,886,249	6,072,978
Property and equipment, net	<u>25,477,639</u>	<u>18,743,907</u>
<b>TOTAL ASSETS</b>	<u>\$ 59,992,042</u>	<u>\$ 53,279,396</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 2,682,193	\$ 84,031
Accrued expenses	358,253	258,780
Current portion of long-term debt	<u>286,246</u>	<u>277,747</u>
Total current liabilities	3,326,692	620,558
<b>LONG-TERM DEBT, Net</b>	<u>8,681,771</u>	<u>8,968,033</u>
Total liabilities	<u>12,008,463</u>	<u>9,588,591</u>
<b>NET ASSETS:</b>		
Without donor restrictions:		
Board designated reserve for facility acquisition/construction	5,000,000	4,000,000
Undesignated	17,142,006	13,279,059
With donor restrictions	<u>25,841,573</u>	<u>26,411,746</u>
Total net assets	<u>47,983,579</u>	<u>43,690,805</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 59,992,042</u>	<u>\$ 53,279,396</u>

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

# MUTTVILLE

## STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>		
REVENUES:		
Contributions and grants	\$ 7,011,466	\$ 6,625,844
In-kind contributions	1,315,072	835,634
Fundraising event revenues (net of direct benefit to donors of \$108,321 in 2023 and \$116,209 in 2022)	1,112,607	1,189,130
Investment income	524,222	38,737
Employee retention tax credit	501,886	
Other income	27,963	19,845
Net assets released from restrictions	<u>1,284,982</u>	<u>1,593,975</u>
Total revenues	<u>11,778,198</u>	<u>10,303,165</u>
EXPENSES:		
Program services:		
Animal care and adoption	<u>4,787,689</u>	<u>4,036,070</u>
Supporting services:		
Fundraising	1,461,949	1,250,349
General and administrative	<u>665,613</u>	<u>682,590</u>
Total supporting services	<u>2,127,562</u>	<u>1,932,939</u>
Total expenses	<u>6,915,251</u>	<u>5,969,009</u>
<b>INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>4,862,947</u>	<u>4,334,156</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS:</b>		
Contributions and grants	900,288	5,177,179
Change in value of split-interest agreement assets	(185,479)	133,608
Net assets released from restrictions	<u>(1,284,982)</u>	<u>(1,593,975)</u>
<b>INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>(570,173)</u>	<u>3,716,812</u>
<b>INCREASE IN NET ASSETS</b>	4,292,774	8,050,968
<b>NET ASSETS, Beginning of Year</b>	<u>43,690,805</u>	<u>35,639,837</u>
<b>NET ASSETS, End of Year</b>	<u>\$ 47,983,579</u>	<u>\$ 43,690,805</u>

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

## MUTTVILLE

### STATEMENTS OF FUNCTIONAL EXPENSES YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023				2022			
	<b>Animal care and adoption</b>	<b>Supporting services</b>		<b>Total</b>	<b>Animal care and adoption</b>	<b>Supporting services</b>		<b>Total</b>
	<b>Fundraising</b>	<b>General and administrative</b>			<b>Fundraising</b>	<b>General and administrative</b>		
Personnel	\$ 2,252,899	\$ 606,185	\$ 367,411	\$ 3,226,495	\$ 1,890,439	\$ 609,032	\$ 315,913	\$ 2,815,384
Professional fees	666,215	193,166	220,880	1,080,261	375,622	110,167	51,377	537,166
Animal care	813,761			813,761	880,636			880,636
Supplies	414,240	47,475	23,834	485,549	272,238	35,686	16,296	324,220
Facilities and equipment rentals	325,231	8,801	14,569	348,601	356,286	11,599	19,052	386,937
Events		267,085		267,085		177,489		177,489
Printing	51,519	176,290		227,809	28,770	153,740	5	182,515
Insurance	128,451	2,581	4,189	135,221	70,719	2,306	3,841	76,866
Postage and shipping	22,893	68,511	274	91,678	15,765	61,217	241	77,223
Bank fees		63,562	23,303	86,865		64,931	9,568	74,499
Depreciation	47,077	9,671	7,741	64,489	51,430	10,567	8,454	70,451
Telecommunications	14,818	4,089	685	19,592	14,464	3,470	393	18,327
Bad debt expense							250,000	250,000
Other expenses	50,585	14,533	2,727	67,845	79,701	10,145	7,450	97,296
<b>Total</b>	<b><u>\$ 4,787,689</u></b>	<b><u>\$ 1,461,949</u></b>	<b><u>\$ 665,613</u></b>	<b><u>\$ 6,915,251</u></b>	<b><u>\$ 4,036,070</u></b>	<b><u>\$ 1,250,349</u></b>	<b><u>\$ 682,590</u></b>	<b><u>\$ 5,969,009</u></b>

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

# MUTTVILLE

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 4,292,774	\$ 8,050,968
Reconciliation to net cash provided by operating activities:		
Contributed property held for sale	(300,000)	
Donated property and equipment	(113,515)	(92,440)
Receipt of donated investments	(165,325)	(1,803,223)
Depreciation	64,490	70,451
Loss on disposal of property and equipment	1,470	74
Net realized and unrealized gain on investments	(423,815)	(38,158)
Changes in:		
Contributions receivable	743,979	2,818,096
Prepaid expenses	(28,979)	8,582
Split-interest agreement assets, net	1,186,729	(1,503,242)
Accounts payable	30,779	(163,422)
Accrued expenses	99,473	70,231
Net cash provided by operating activities	<u>5,388,060</u>	<u>7,417,917</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(27,314,450)	(16,808,650)
Proceeds from sale of investments	24,805,689	2,538,837
Purchases of property and equipment	<u>(4,118,794)</u>	<u>(2,601,929)</u>
Net cash used in investing activities	<u>(6,627,555)</u>	<u>(16,871,742)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of long-term debt	<u>(277,763)</u>	<u>(267,816)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(1,517,258)	(9,721,641)
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<u>4,857,291</u>	<u>14,578,932</u>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<u>\$ 3,340,033</u>	<u>\$ 4,857,291</u>
<b>NONCASH INVESTING ACTIVITIES:</b>		
Property and equipment financed through accounts payable	<u>\$ 2,567,383</u>	<u>\$</u>
<b>SUPPLEMENTAL INFORMATION:</b>		
Cash paid for interest	<u>\$ 332,792</u>	<u>\$ 342,738</u>

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

# MUTTVILLE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

---

### 1. ORGANIZATION AND NATURE OF ACTIVITIES

Muttville, founded in 2007, is a California nonprofit public benefit corporation dedicated to helping older dogs. Shelters and other animal organizations refer senior dogs, many at the risk of euthanasia, to Muttville. Muttville takes as many as they have capacity for, gives them the care they need, promotes them to find them new homes and works with adopters to help create a lasting bond.

Muttville has its own cage-free facility, housing newly rescued senior dogs while they wait to be matched with foster homes, and its own in-house vet suite, to ensure that dogs are efficiently treated and to inform potential adopters of some health issues.

Muttville advocates for and educates about senior dogs, both to the public at large and within the animal welfare community. Muttville's groundbreaking programs, including foster and hospice, have been studied by other animal welfare organizations around the world seeking to help senior animals.

### 2. SIGNIFICANT ACCOUNTING POLICIES

**Basis of accounting and financial statement presentation** – The financial statements are prepared on the accrual basis of accounting and in conformity with professional standards applicable to not-for-profit entities. Muttville reports information regarding its financial position and activities according to two classes of net assets: *without donor restrictions* and *with donor restrictions*. Muttville has no net assets with donor restrictions that are perpetual in nature.

**Revenue recognition** – Contributions and grants 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. All contributions and grants are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Donor-restricted amounts are reported as increases in net assets with donor restrictions. Net assets with donor restrictions become unrestricted and are reported in the statements of activities as net assets released from restrictions when the time restrictions expire or the contributions are used for the restricted purpose.

Muttville receives certain contributions from donors which are conditional upon the occurrence of certain events. Outstanding conditional contributions totaled \$110,000 and \$90,000 at December 31, 2023 and 2022, respectively.

Donated goods, facilities, and professional services are recorded as in-kind donations and recognized at the estimated fair value as of the date of donation or service. Contributed services that do not meet the criteria for recognition are not reflected in the financial statements.

Fundraising event revenues are recognized in the year the related event occurs.

**Cash and cash equivalents** – Muttville considers all highly liquid investments with a maturity date of three months or less to be cash equivalents, unless held for long-term purposes.

Muttville 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. Muttville's deposits of cash held with financial institutions in excess of federal depository insurance limits were \$2,541,418 and \$4,019,859 as of December 31, 2023 and 2022, respectively. Muttville has not experienced any losses in such accounts and management believes Muttville is not exposed to any significant credit risk related to cash.



# MUTTVILLE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

---

**Short-term investments** are stated at fair value. At December 31, 2023, \$76,148 of the investment portfolio consists of cash and cash equivalents and the remainder of \$19,132,947 consists of U.S. Treasury bonds/bills. At December 31, 2022, \$16,111,194 consists of US treasury bonds/bills. All investments are classified within Level 1 of the fair value hierarchy.

**Contributions receivable** are considered to be available for general operations unless specifically restricted by the donor. Contributions receivable are recognized when supported by a written contract to make a contribution and are reported net of the allowance for uncollectible accounts. However, management has determined that no allowance is deemed necessary at December 31, 2023 and 2022, based on their conclusion that all contributions were collectible. Discounts on contributions are computed using interest rates applicable to the year in which the promise is received.

The discount rate used in determining the net present value of contributions receivable was 3.6% at both December 31, 2023 and 2022.

Contributions receivable at December 31, 2023 of \$5,650,516 are expected to be collected within one year.

Contributions receivable at December 31, 2022 of \$1,152,749 are expected to be collected within one year and the remaining \$5,429,547 (net of \$187,408 discount) are expected to be collected within one to five years.

**Property and equipment** – Property and equipment are stated at cost if purchased or, if donated, at fair market value on the date of donation. Muttville capitalizes all expenditures for property and equipment in excess of \$1,000. Depreciation is computed using the straight-line method over estimated useful lives of individual assets ranging from 3 to 15 years.

**Split-interest agreement assets** are stated at fair value.

**Functional allocation of expenses** – The costs of providing the program services have been summarized on a functional basis in the statements of activities and functional expenses. 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. Personnel costs are allocated based on employees' time incurred. Office supplies, printing, equipment rentals, postage and shipping, telecommunications, and professional fees are allocated based on management's estimates of usage of resources. All other costs are based on actual usage of resources.

**Income taxes** – Muttville is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and the corresponding provision of the California Revenue and Taxation Code.

**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

# MUTTVILLE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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.

When a price for an identical asset or liability is not observable, a reporting entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, a reporting entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value.

**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.

**Subsequent events** have been reviewed through November 15, 2024, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2023, that require recognition or disclosure in such financial statements.

### 3. LIQUIDITY AND AVAILABILITY OF RESOURCES

Muttville's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 3,340,033	\$ 4,857,291
Short-term investments	19,209,095	16,111,194
Contributions receivable	5,651,323	6,395,302
Split-interest agreement assets, net	5,776,449	7,074,228
Total financial assets	<u>33,976,900</u>	<u>34,438,015</u>
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors for time or purpose	(24,840,323)	(25,410,496)
Board-designated:		
Reserve for facility acquisition/construction	<u>(5,000,000)</u>	<u>(4,000,000)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 4,136,577</u>	<u>\$ 5,027,519</u>

# MUTTVILLE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

As part of the organization's liquidity management, Muttville structures its financial assets to be available as its general expenditures, liabilities and other obligations come due while also striving to maximize the investment of its available funds. As part of this policy, amounts that exceed 3-6 months of normal operating requirements are invested in short-term fixed-income instruments and money market accounts that can be readily liquidated for operating and capital needs. In addition to the financial assets available to meet operating and capital needs over the next twelve months, Muttville operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

#### 4. PROPERTY AND EQUIPMENT

Property and equipment as of December 31 consist of the following:

	<u>2023</u>	<u>2022</u>
Land and building	\$ 15,033,109	\$ 15,033,109
Furniture and equipment	407,153	379,124
Leasehold improvements	122,887	122,887
Vehicles	60,255	55,294
Construction in progress	<u>10,249,428</u>	<u>3,485,530</u>
Total	25,872,832	19,075,944
Less accumulated depreciation	<u>(395,193)</u>	<u>(332,037)</u>
Total	<u>\$ 25,477,639</u>	<u>\$ 18,743,907</u>

During 2020, a new facility was purchased for Muttville's headquarters. The building has not been placed in service as of December 31, 2023. Muttville moved into the new building in July 2024.

Title to the real property of a donor in Eugene, Oregon was contributed to Muttville during 2023. As of December 31, 2023, the real property held for sale is valued at \$300,000.

#### 5. SPLIT-INTEREST AGREEMENT ASSETS

Split-interest agreement assets include the estimated fair value of Muttville's interest in a charitable lead annuity trust for which Muttville is the lead beneficiary as well as a perpetual trust in which Muttville has the irrevocable right to receive income on trust assets in perpetuity.

Under the terms of the charitable lead annuity trust, Muttville is to receive approximately \$1,000,000 annually over a ten year period beginning in 2018. The related contribution receivable and revenue were recorded at the estimated fair value using a discount rate of 2.6% at both December 31, 2023 and 2022. The estimated fair value of the interest in the perpetual trust was determined with present value techniques using projected investment returns consistent with the composition of the asset portfolios, estimated future cash disbursements and a discount rate of 5.2% at December 31, 2023 and 2022.

# MUTTVILLE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Muttville's split-interest agreement assets are classified within Level 3 of the fair value hierarchy because determination of the present value of future cash flows is based on little or no market data and requires management to develop their own assumptions.

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 7,074,228	\$ 5,570,986
Payout of charitable lead annuity trust	(1,001,250)	(1,001,250)
Contribution		2,370,884
Change in fair value of split-interest agreement assets	<u>(185,479)</u>	<u>133,608</u>
Ending balance	<u>\$ 5,887,499</u>	<u>\$ 7,074,228</u>

### 6. LONG-TERM DEBT

In January 2020, Muttville entered into a loan agreement with Umpqua Bank to borrow \$10,000,000 to purchase Muttville's new headquarters. The loan bears an interest rate equal to 3.6%. Monthly principal and interest payments of \$50,880 are due with a final balloon payment of \$7,073,114 in February 2030. Interest incurred and capitalized for the years ended December 31, 2023 and 2022 totaled \$332,792 and \$342,738, respectively. Muttville has met all loan covenants at December 31, 2023 and 2022.

The future annual principal payments are as follows:

<u>Year Ending December 31,</u>	
2024	\$ 286,246
2025	298,714
2026	309,801
2027	321,300
2028	332,429
Thereafter	<u>7,419,527</u>
Total	<u>\$ 8,968,017</u>

### 7. NET ASSETS

Net assets with donor restrictions are restricted for the following as of December 31:

	<u>2023</u>	<u>2022</u>
Time restricted	\$ 3,813,144	\$ 4,703,344
Purpose restricted:		
Capital campaign	19,621,102	19,075,249
Seniors for Seniors	179,077	146,438
Veterinary care	115,776	87,712
Veterinarian suite renovation	16,119	11,119
Other	22,000	17,000
Restricted into perpetuity:		
Split-interest agreement asset – interest in a perpetual trust	<u>2,074,355</u>	<u>2,370,884</u>
Total	<u>\$ 25,841,573</u>	<u>\$ 26,411,746</u>

# MUTTVILLE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

The Board of Directors has designated \$5,000,000 and \$4,000,000 at December 31, 2023 and 2022, respectively, of Muttville's net assets without donor restrictions as a reserve for the acquisition and construction of a headquarters facility.

### 8. IN-KIND CONTRIBUTIONS

Muttville received the following in-kind contributions during the year ending December 31:

	<u>2023</u>	<u>2022</u>
Donated property held for sale	\$ 300,000	
Rent	235,440	\$ 328,368
Merchandise	371,437	241,560
Professional services	280,187	171,883
Veterinary services	101,324	90,823
Other	<u>26,684</u>	<u>3,000</u>
Total	<u>\$ 1,315,072</u>	<u>\$ 835,634</u>

Property held for sale includes a donated property (see Note 4). Other in-kind contributions include discounted rent, donated services, medications, and miscellaneous adoption supplies. All items were valued upon estimates of fair market or wholesale values that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor.

The Organization's policy related to in-kind contributions is to utilize the assets given to carry out their mission. All in-kind contributions received by the Organization for the years ended December 31, 2023 and 2022 were considered without donor restrictions.

### 9. RELATED PARTY TRANSACTIONS

Two board members of Muttville are owners of communications consulting firms that perform marketing services for Muttville and one board member owns a legal firm that performed legal services for Muttville. Muttville paid total marketing and public relations to these firms in the amount of \$166,900 and \$119,700 for the years ended December 31, 2023 and 2022, respectively.

### 10. EMPLOYEE RETENTION TAX CREDIT

Muttville filed amended quarterly 941-X federal tax returns for the quarters ended June 30, 2020, September 30, 2020, December 31, 2020, March 31, 2021, and June 30, 2021 to receive Employee Retention Tax Credits provided for under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. For the year ended December 31, 2023, Muttville recognized revenue totaling \$501,886 related to the Employee Retention Tax Credits. Payment was received in full prior to December 31, 2023.

# MUTTVILLE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

---

Laws and regulations concerning government programs, including the Employee Retention Tax Credit established by the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge Muttville's claim to the Employee Retention Tax Credit, and it is not possible to determine the impact (if any) this would have upon the Muttville.