

**FELINE RESCUE INC**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**



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**FELINE RESCUE INC  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Feline Rescue Inc  
St. Paul, Minnesota

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Feline Rescue, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, 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 Feline Rescue, Inc. as of December 31, 2024 and 2023, 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 (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 Feline Rescue, Inc. 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 the Feline Rescue, Inc.'s ability to continue as a going concern within one year after the date that 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 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 the Feline Rescue, Inc.'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 the Feline Rescue, Inc.'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.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
June 19, 2025

**FELINE RESCUE INC**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2024 AND 2023**

	2024	2023
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 162,868	\$ 226,466
Prepaid Expenses	13,274	13,172
Asset Held for Sale	197,438	-
Board-Designated and Operating Investments	392,869	492,387
Total Current Assets	766,449	732,025
<b>PROPERTY AND EQUIPMENT, NET</b>	843,555	897,459
<b>ENDOWMENT INVESTMENTS</b>	1,044,210	913,777
Total Assets	\$ 2,654,214	\$ 2,543,261
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 39,872	\$ 24,326
Accrued Expenses	7,220	22,648
Total Liabilities	47,092	46,974
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	1,192,084	1,115,310
Designated Reserves	352,417	459,200
Total Without Donor Restrictions	1,544,501	1,574,510
With Donor Restrictions	1,062,621	921,777
Total Net Assets	2,607,122	2,496,287
Total Liabilities and Net Assets	\$ 2,654,214	\$ 2,543,261

See accompanying Notes to Financial Statements.

**FELINE RESCUE INC**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND SUPPORT</b>						
Adoption Income	\$ 61,266	\$ -	\$ 61,266	\$ 115,806	\$ -	\$ 115,806
Contribution Income	991,733	85,000	1,076,733	711,066	-	711,066
Grant Income	1,000	-	1,000	1,982	-	1,982
Merchandise Sales, Net	2,150	-	2,150	1,655	-	1,655
Investment Income, Net of \$13,956 and \$15,207, Respectively (Investment Fees)	14,239	30,587	44,826	14,382	18,219	32,601
Realized and Unrealized Gain (Loss) on Investments	36,530	74,846	111,376	46,891	85,090	131,981
Net Assets Released from Restrictions	49,589	(49,589)	-	20,000	(20,000)	-
Total Revenues and Support	<u>1,156,507</u>	<u>140,844</u>	<u>1,297,351</u>	<u>911,782</u>	<u>83,309</u>	<u>995,091</u>
<b>EXPENSES</b>						
Program	787,914	-	787,914	747,763	-	747,763
Management and General	333,213	-	333,213	343,477	-	343,477
Fundraising	65,389	-	65,389	54,288	-	54,288
Total Expenses	<u>1,186,516</u>	<u>-</u>	<u>1,186,516</u>	<u>1,145,528</u>	<u>-</u>	<u>1,145,528</u>
<b>CHANGE IN NET ASSETS</b>	(30,009)	140,844	110,835	(233,746)	83,309	(150,437)
Net Assets - Beginning of Year	<u>1,574,510</u>	<u>921,777</u>	<u>2,496,287</u>	<u>1,808,256</u>	<u>838,468</u>	<u>2,646,724</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 1,544,501</u>	<u>\$ 1,062,621</u>	<u>\$ 2,607,122</u>	<u>\$ 1,574,510</u>	<u>\$ 921,777</u>	<u>\$ 2,496,287</u>

See accompanying Notes to Financial Statements.

**FELINE RESCUE INC**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

	December 31, 2024						
	Program Services				Management and General	Fundraising	Total
	Foster	Outreach	Shelter	Total			
Wages and Benefits	\$ 174,572	\$ 1,824	\$ 281,795	\$ 458,191	\$ 74,995	\$ 59,200	\$ 592,386
Contracted Services	153	-	153	306	144,252	-	144,558
Cat Care	146,943	25,830	67,224	239,997	-	-	239,997
Facilities	14,548	-	19,609	34,157	45,965	-	80,122
Operations	6,071	634	805	7,510	42,115	6,189	55,814
Other	16,264	-	31,489	47,753	25,886	-	73,639
<b>Total Expenses by Function</b>	<b>\$ 358,551</b>	<b>\$ 28,288</b>	<b>\$ 401,075</b>	<b>\$ 787,914</b>	<b>\$ 333,213</b>	<b>\$ 65,389</b>	<b>\$ 1,186,516</b>

	December 31, 2023						
	Program Services				Management and General	Fundraising	Grand Total
	Foster	Outreach	Shelter	Total			
Wages and Benefits	\$ 136,193	\$ 2,626	\$ 260,101	\$ 398,920	\$ 64,857	\$ 50,423	\$ 514,200
Contracted Services	1,728	-	-	1,728	119,758	-	121,486
Cat Care	182,823	18,014	89,578	290,415	411	-	290,826
Facilities	20,284	-	24,787	45,071	35,644	-	80,715
Operations	596	-	664	1,260	58,532	3,865	63,657
Other	3,643	-	6,726	10,369	64,275	-	74,644
<b>Total Expenses by Function</b>	<b>\$ 345,267</b>	<b>\$ 20,640</b>	<b>\$ 381,856</b>	<b>\$ 747,763</b>	<b>\$ 343,477</b>	<b>\$ 54,288</b>	<b>\$ 1,145,528</b>

See accompanying Notes to Financial Statements.

**FELINE RESCUE INC**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 110,835	\$ (150,437)
Adjustments to Reconcile Changes in Net Assets to Net Cash Used by Operating Activities:		
Realized and Unrealized Gain on Investments	(111,376)	(131,981)
Depreciation	73,254	74,645
Changes in Assets and Liabilities:		
Asset Held for Sale	(197,438)	-
Prepaid Expenses	(102)	1,325
Accounts Payable	15,546	(699)
Accrued Expenses	(15,428)	(7,555)
Net Cash Used by Operating Activities	<u>(124,709)</u>	<u>(214,702)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sales of Investments	533,663	614,117
Purchase of Investments	(453,202)	(382,450)
Purchase of Property and Equipment	(19,350)	(38,479)
Net Cash Provided by Investing Activities	<u>61,111</u>	<u>193,188</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(63,598)	(21,514)
Cash and Cash Equivalents - Beginning of Year	<u>226,466</u>	<u>247,980</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 162,868</u>	<u>\$ 226,466</u>

See accompanying Notes to Financial Statements.

**FELINE RESCUE INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Feline Rescue Inc (the Organization) is a Minnesota-based, limited-admission companion cat rescue organization. The Organization was founded in 1997 in Minneapolis, Minnesota, as a 501(c)(3) nonprofit organization. Feline Rescue Inc is funded primarily through adoption fees, donations, and grants.

The Organization's mission is to provide safe shelter, veterinary care, and socialization for stray, abandoned, or abused cats until good permanent homes can be found for them. In addition, the Organization promotes positive community interaction through education, spay/neuter programs, and other activities that enable people to responsibly enjoy the companionship of cats.

**Basis of Presentation**

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Revenues, expenses, gains and losses, and net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and related changes are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets without donor restrictions are resources available to support operations which the board of directors has discretionary control. Designated amounts represent those net assets which the board has set aside for a particular purpose.

*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 those resources be maintained in perpetuity. 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.

**Accounting Estimates**

The presentation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassifications**

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. The reclassifications had no effect on the change in net assets.

**FELINE RESCUE INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 19, 2025, the date the financial statements were available to be issued.

**Cash Equivalents**

The Organization considers all highly liquid debt instruments with an original maturity of three months or less when purchased to be cash equivalents. Cash equivalents are stated at cost, which approximates market value. The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits.

**Asset Held for Sale**

Asset held for sale at December 31, 2024, was acquired through donation during the year and is held for sale. The asset was initially recorded at fair value and was sold subsequent to year-end.

**Property, Equipment, and Depreciation**

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Additions and improvements exceeding \$5,000 are capitalized. If items of property are sold, retired or otherwise disposed of, they are removed from the asset and accumulated depreciation accounts and any gain or loss thereon is reflected in the statement of activities.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets:

Buildings and Improvements	10 to 39 Years
Shelter Furniture and Equipment	5 to 10 Years
Office Furniture and Equipment	3 to 5 Years
Veterinary Equipment	2 to 7 Years

Depreciation expense for the years ended December 31, 2024 and 2023 was \$73,254 and \$74,645, respectively.

**FELINE RESCUE INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

Investments in marketable securities are stated at fair value, which is determined by quoted market prices in active markets. Donated investments are initially recorded at fair value on the date of donation and thereafter reported in accordance with the above provision. Realized and unrealized gains and losses are included in the statement of activities. Realized gains and losses are determined using the specific-identification method. Interest and dividend income are reported as income when earned. Investment income earned, including realized and unrealized gains, is recorded as unrestricted or with donor restrictions depending on the existence and/or nature of any donor restrictions. In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

**Fair Value of Financial Instruments**

The Organization's accounting for fair value measurements of assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring or nonrecurring basis adheres to the Financial Accounting Standards Board (FASB) fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

*Level 1* – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Partnership has the ability to access at the measurement date.

*Level 2* – inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

*Level 3* – inputs are unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the valuation methodologies used at December 31, 2024.

**FELINE RESCUE INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

The significant sources of revenue and support for the Organization are displayed as follows:

**Adoption Income**

The Organization recognizes revenue from cat adoptions at the point in time when the adoption fees are received and the animal is transferred to the adopter. After this transaction has taken place, the Organization has no continued obligation to the cat or its adopter, unless the cat is returned, at which time the cost of the cat's care reverts to the Organization until a forever home is found for the animal. There were no contract assets or liabilities as of December 31, 2024, 2023 and 2022.

**Contribution Revenue**

Contributions and grants are recognized as revenue in the period received or unconditionally promised, whichever is earlier. All contributions are considered to be without donor restrictions unless specifically restricted by the donor. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

Unconditional promises to give are recorded as receivables in the year pledged. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. There were no conditional promises to give as of December 31, 2024 and 2023.

**Functional Allocation of Expenses**

Expenses are specifically identified with, or allocated to, program-related and administrative functions. Expense allocations are generally computed based on the amount of time spent by employees performing those functions. Other expenses, not directly identifiable by program or supporting service, are allocated based on the best estimates of management.

**Income Taxes**

The Organization is classified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is subject to federal and state income tax only on net unrelated business income.

**FELINE RESCUE INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes (Continued)**

The Organization reviews income tax positions taken or expected to be taken in income tax returns to determine if there are any income tax uncertainties. This includes positions that the entity is exempt from income taxes or not subject to income taxes on unrelated business income. The Organization recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities. The Organization has not identified income tax uncertainties. The Organization files information returns as a tax-exempt Organization. Should that status be challenged in the future, all years since inception could be subject to review by the Internal Revenue Service (IRS).

**Retirement Plan**

The Organization has a 403(b) deferred compensation plan for all employees. Employees may elect to contribute a portion of their salaries up to IRS limitations. The Organization will make a discretionary matching contribution equal to a uniform percentage or dollar amount of the employee's deferrals. The Organization's expense for the plan was \$19,659 and \$16,399 in 2024 and 2023, respectively.

**Leases**

The Organization determines if an arrangement is a lease at inception. Leases are reported on the statement of financial position as a right-of-use (ROU) asset and lease liability.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization'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 term of the lease. Lease terms may include option to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease terms. The Organization 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 statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization 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.

The Organization 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.

**FELINE RESCUE INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2 INVESTMENTS**

Investments consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Cash	\$ 51,867	\$ 37,527
Mutual Funds:		
Fixed Income	537,863	558,920
Equities	<u>847,349</u>	<u>809,717</u>
Investments Reported at Fair Value	<u>\$ 1,437,079</u>	<u>\$ 1,406,164</u>

Investments accounts were held as follows as of December 31:

	<u>2024</u>	<u>2023</u>
Board-Designated and Operating Investments	\$ 392,869	\$ 492,387
Endowments Investments	<u>1,044,210</u>	<u>913,777</u>
Total	<u>\$ 1,437,079</u>	<u>\$ 1,406,164</u>

The fair value of the Organization's fixed income and equity securities are determined by reference to quoted market prices and other relevant information generated by market transactions. These investments are classified within Level 1 of the valuation hierarchy.

**NOTE 3 PROPERTY AND EQUIPMENT**

Property and equipment included the following as of December 31:

	<u>2024</u>	<u>2023</u>
Buildings and Improvements	\$ 1,312,342	\$ 1,300,870
Shelter Furniture and Equipment	155,432	155,432
Office Furniture and Equipment	55,947	53,532
Veterinary Equipment	<u>93,871</u>	<u>88,407</u>
Total Property and Equipment	1,617,592	1,598,241
Less: Accumulated Depreciation	<u>774,037</u>	<u>700,782</u>
Property and Equipment, Net	<u>\$ 843,555</u>	<u>\$ 897,459</u>

**FELINE RESCUE INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 4 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of December 31 are as follows:

	2024	2023
Financial Assets:		
Cash and Cash Equivalents	\$ 162,868	\$ 226,466
Board-Designated and Operating Investments	392,869	492,387
Less: Amount in These Accounts With Donor Restrictions	(18,411)	(27,281)
Amounts Available for General Expenditure Within One Year	\$ 537,326	\$ 691,572

The Organization's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowment is restricted for specific purposes, with the exception of amounts available for general use. Donor-restricted endowment funds are not available for general purposes and are not included above.

As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements. At December 31, 2024 and 2023, the Organization had \$392,869 and \$492,387, respectively, of operating investments that could be converted to cash and used for operations, if necessary.

**NOTE 5 ENDOWMENTS**

The Organization's endowment consists of three donor-restricted funds. Donor-restricted endowment funds are further divided into those that provide a perpetual source of support for the Organization's activities (perpetual endowments) and those that are restricted by donors for investment for a specified term (term endowments). As required by U.S. GAAP, net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of directors of the Organization has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the prudent expenditure of donor-restricted endowment funds. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the Organization. In making a determination to appropriate, an organization shall act in good faith with the care that a prudent person would exercise. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (perpetual endowments) (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as perpetual endowments is classified as donor-restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by Minnesota UPMIFA.

**FELINE RESCUE INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 5 ENDOWMENTS (CONTINUED)**

The Organization considers an endowment fund to be underwater if the fair value of the fund is less than the sum of (1) the original value of initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. There are no funds currently underwater as of December 31, 2024 and 2023.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purpose of the Organization and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Organization.
- The investment policies of the Organization.

Endowment net asset composition by type of fund as of December 31 is as follows:

<u>December 31, 2024</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ 760,543	\$ 760,543
Accumulated Investment Gains	-	283,667	283,667
Total	<u>\$ -</u>	<u>\$ 1,044,210</u>	<u>\$ 1,044,210</u>
<u>December 31, 2023</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ 710,543	\$ 710,543
Accumulated Investment Gains	-	203,234	203,234
Total	<u>\$ -</u>	<u>\$ 913,777</u>	<u>\$ 913,777</u>

**FELINE RESCUE INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 5 ENDOWMENTS (CONTINUED)**

The Organization has adopted an investment policy and philosophy that concentrates on maximizing total return within reasonable risk parameters. This is accomplished through an investment policy that strives to maintain and grow the investment corpus and provide annual earnings to support the Organization's mission. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that preserve the inflation-adjusted value of the fund and maximize total return within reasonable and prudent levels of risk. The Organization targets a diversified asset allocation plan, sets performance benchmarks and has established various asset quality and limitation thresholds.

The Organization maintains three separate endowment accounts, which have the following investment and spending objectives and policies:

**Sanders Endowment**

Objective: Growth

Equity Investments range from 55% to 75% and Fixed Income and Cash range from 45% to 25%. This account is invested for the long-term growth of principal, while providing an ongoing revenue stream. The investment committee will monitor the account's dividends, income and overall investment return on a quarterly basis to ensure the investment goals are achieved. The Finance Committee determines if proceeds from this fund will be used for the operating budget.

**Sharon K. Warner Endowment**

Objective: Growth

Equity Investments range from 55% to 75% and Fixed Income and Cash range from 45% to 25%. This account is invested for the long-term growth of principal, while providing an ongoing revenue stream. The investment committee will monitor the account's dividends, income and overall investment return on a quarterly basis to ensure the investment goals are achieved. The finance committee determines if proceeds from this fund will be used for cat care expenses that greatly exceed the projected costs in the annual budget.

**10th Life Endowment**

Objective: Aggressive Growth

Equity Investments range from 75% to 95% and Fixed Income and Cash range from 25% to 5%. This account is invested for the long-term growth of principal. The investment committee will monitor the account's dividends, income and overall investment return on a quarterly basis to ensure the investment goals are achieved. The finance committee determines if proceeds from this fund will be used for the operating budget.

The finance committee annually reviews and recommends to the board of directors the amount to be distributed from endowment assets for the next year.

**FELINE RESCUE INC**  
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**NOTE 5 ENDOWMENTS (CONTINUED)**

**10th Life Endowment (Continued)**

Changes in endowment net assets for the years ended December 31 are as follows:

<u>December 31, 2024</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets -			
Beginning of Year	\$ -	\$ 913,777	\$ 913,777
Contributions	-	50,000	50,000
Investment Income	-	105,433	105,433
Appropriations	-	(25,000)	(25,000)
Endowment Net Assets -			
End of Year	<u>\$ -</u>	<u>\$ 1,044,210</u>	<u>\$ 1,044,210</u>
<u>December 31, 2023</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets -			
Beginning of Year	\$ -	\$ 830,468	\$ 830,468
Contributions	-	-	-
Investment Income	-	103,309	103,309
Appropriations	-	(20,000)	(20,000)
Endowment Net Assets -			
End of Year	<u>\$ -</u>	<u>\$ 913,777</u>	<u>\$ 913,777</u>

**NOTE 6 DESIGNATED NET ASSETS**

In 2021, the Organization set up the following board-designated reserves:

*Operating Reserve for Variances in Recurring Revenue* – To be used for variances in recurring revenues.

*Operating Reserve for Variances in Nonrecurring Revenue* – To be used for variances in nonrecurring revenues.

*Medical* – To be used for veterinary and medical care.

These reserves are funded as follows at December 31:

	<u>2024</u>	<u>2023</u>
Operating - Recurring Revenues	\$ 72,162	\$ 205,482
Operating - Nonrecurring Revenues	264,318	239,291
Medical	15,937	14,427
Total	<u>\$ 352,417</u>	<u>\$ 459,200</u>

**FELINE RESCUE INC**  
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**NOTE 7 NET ASSET WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following Endowment Funds (Note 5) at December 31:

	<u>2024</u>	<u>2023</u>
Net Assets With Donor Restrictions:		
Sanders Endowment	\$ 642,846	\$ 604,552
Sharon K. Warner Endowment	225,282	203,972
10th Life Endowment	176,082	105,253
Subject to Expenditure for Specified Purpose:		
Security System	18,411	-
Veterinarian Equipment	-	8,000
Total With Donor Restrictions	<u>\$ 1,062,621</u>	<u>\$ 921,777</u>

**NOTE 8 CONCENTRATIONS**

The Organization derived 18% of its revenue from one donor for the year ended December 31, 2024 and 29% of its revenue from one donor for the year ended December 31, 2023.



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