TONY LA RUSSA'S ANIMAL RESCUE FOUNDATION

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

YEARS ENDED JUNE 30, 2020 AND 2019

TONY LA RUSSA'S ANIMAL RESCUE FOUNDATION

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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To the Board of Directors
Tony La Russa's Animal Rescue Foundation
Walnut Creek, California

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Tony La Russa's Animal Rescue Foundation, a California nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tony La Russa's Animal Rescue Foundation as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of Tony La Russa's Animal Rescue Foundation as of June 30, 2019, were audited by other auditors whose report dated October 17, 2019, expressed an unmodified opinion on those statements.

As discussed in Note 18 to the financial statements, Tony La Russa's Animal Rescue Foundation has adjusted its net assets without donor restrictions and net assets with donor restrictions to retrospectively apply the change in accounting principle that pertains to releases of net assets for contributions to construct a long-lived asset. The other auditors reported on the financial statements before the retrospective adjustment.

As part of our audit of the financial statements for the year-ended June 30, 2020, we also audited the adjustments to the 2019 financial statements to retrospectively apply the change in accounting as described in Note 18 in addition to reclassifying certain special event contributions that were donor-restricted for the capital campaign. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to Tony La Russa's Animal Rescue Foundation's 2019 financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2019 financial statements as a whole.

Lindquist, von Husen and Joyce LLP

June 24, 2021

TONY LA RUSSA'S ANIMAL RESCUE FOUNDATION

(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

	2020	2019 As Restated
ASSETS		
Current assets:		
Cash	$ 290,835	$ 111,431
Cash savings	122,812	59,719
Cash restricted for capital campaign (Note 4)	7,242,319	6,806,171
Pledges receivable – current portion (Note 3)	872,545	868,390
Accounts receivable – net of allowance for doubtful accounts (Note 2)	123,143	44,199
Inventory – net (Note 6)	140,146	100,301
Prepaid expenses	138,222	139,516
Total current assets	8,930,022	8,129,727
Investments (Note 4)	38,342,006	35,109,775
Pledges receivable – net of current portion (Note 3)	550,429	1,060,353
Deposits	3,510	3,510
Construction in progress (Note 5)	7,973,568	1,256,003
Property and equipment – net (Note 5)	14,055,394	14,202,553
Intangible asset - net (Note 7)	4,104,724	-
Total assets	$ 73,959,653	$ 59,761,921
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$ 320,159	$ 235,198
Construction payable	1,002,204	102,768
Accrued compensation	265,135	267,523
Deferred revenue	197,500	291,467
Total current liabilities	1,784,998	896,956
PPP note payable (Note 10)	781,570	-
Interest payable (Note 10)	1,303	-
Total liabilities	2,567,871	896,956
Net assets:		
Without donor restrictions (Note 18)	51,368,558	45,174,899
With donor restrictions (Notes 11 and 18)	20,023,224	13,690,066
Total net assets	71,391,782	58,864,965
Total liabilities and net assets	$ 73,959,653	$ 59,761,921

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

TONY LA RUSSA'S ANIMAL RESCUE FOUNDATION

(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019 As Restated		
	Without Donor Restrictions	*With Donor Restrictions*	*Total*	*Without Donor Restrictions*	*With Donor Restrictions*	*Total*
Operating revenues and other support:						
Contributions	$ 6,823,314	$ 84,079	$ 6,907,393	$ 8,182,082	$ 83,915	$ 8,265,997
Contribution of intangible asset (Note 7)	4,270,811	-	4,270,811	-	-	-
Capital campaign contributions and grants (Note 11)	-	5,409,920	5,409,920	-	10,457,619	10,457,619
Capital campaign expenses	(7,231)	-	(7,231)	(78,168)	-	(78,168)
Special events – net of expenses of $314,772 and $224,735, respectively, for 2020 and 2019	333,046	1,150,562	1,483,608	391,814	1,325,083	1,716,897
Corporate sponsorships	472,350	-	472,350	442,700	-	442,700
Program fees	831,432	-	831,432	988,735	-	988,735
Retail sales	439,220	-	439,220	595,353	-	595,353
Other revenue	85,639	-	85,639	30,926	-	30,926
Net assets released from restrictions (Note 11)	354,565	(354,565)	-	1,713,403	(1,713,403)	-
Total operating revenues and other support	13,603,146	6,289,996	19,893,142	12,266,845	10,153,214	22,420,059
Operating expenses:						
Program services	6,795,484	-	6,795,484	7,077,941	-	7,077,941
Supportive services:						
Management and general	558,935	-	558,935	556,629	-	556,629
Fundraising	567,115	-	567,115	651,751	-	651,751
Total operating expenses	7,921,534	-	7,921,534	8,286,321	-	8,286,321
Change in net assets from operations	5,681,612	6,289,996	11,971,608	3,980,524	10,153,214	14,133,738
Other changes:						
Net investment return including endowment funds (Note 4)	512,047	43,162	555,209	1,582,415	192,380	1,774,795
Total other changes	512,047	43,162	555,209	1,582,415	192,380	1,774,795
Change in net assets	6,193,659	6,333,158	12,526,817	5,562,939	10,345,594	15,908,533
Net assets, beginning of year	45,174,899	13,690,066	58,864,965	39,611,960	3,344,472	42,956,432
Net assets, end of year	$ 51,368,558	$ 20,023,224	$ 71,391,782	$ 45,174,899	$ 13,690,066	$ 58,864,965

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

TONY LA RUSSA'S ANIMAL RESCUE FOUNDATION

(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2020 AND 2019

	2020								
	Program Services						*Supportive Services*		
	Animal Care and Adoptions	*Training*	*Veterinary Clinic*	*Human Education*	*Community Outreach*	*Total Program*	*Management and General*	*Fundraising*	*Total*
Personnel	$ 1,763,183	$ 159,976	$ 1,339,522	$ 331,039	$ 610,184	$ 4,203,904	$ 301,897	$ 330,354	$ 4,836,155
Professional services	2,403	894	1,262	207	1,058	5,824	88,713	15,728	110,265
Occupancy	102,280	24,335	149,893	16,613	9,486	302,607	13,516	11,164	327,287
Equipment rental, repairs and maintenance	37,534	11,477	31,590	8,853	10,405	99,859	17,218	11,576	128,653
Animal care and supplies	283,750	86	297,440	87	176,385	757,748	-	52	757,800
Supplies	7,930	1,062	7,169	15,344	4,267	35,772	4,331	1,551	41,654
Printing and publications	132,215	14,463	117,841	16,473	50,533	331,525	4,363	144,484	480,372
Postage	1,067	285	4,136	729	397	6,614	6,600	3,341	16,555
Insurance	50,077	10,915	11,128	7,546	2,765	82,431	2,819	1,845	87,095
Cost of goods sold	59,220	302	-	-	-	59,522	-	-	59,522
Advertising and promotion	36,262	3,400	35,218	5,720	18,867	99,467	4,308	4,564	108,339
Other expenses	9,483	25	30	-	49,076	58,614	76,560	-	135,174
Bad debts	-	-	1,834	-	-	1,834	-	-	1,834
Travel, conferences, and education	25,805	-	18,516	7,630	33,808	85,759	1,037	-	86,796
Taxes, licenses and fees	29,832	4,488	20,578	3,828	1,671	60,397	3,310	31,796	95,503
Depreciation	219,410	45,950	85,330	31,150	9,306	391,146	18,149	9,274	418,569
Amortization (Note 7)	87,061	18,233	32,644	12,360	3,692	153,990	12,097	-	166,087
Loss on disposal of property and equipment	32,799	6,869	12,756	4,656	1,391	58,471	2,714	1,386	62,571
Interest expense (Note 10)	-	-	-	-	-	-	1,303	-	1,303
Total expenses	$ 2,880,311	$ 302,760	$ 2,166,887	$ 462,235	$ 983,291	$ 6,795,484	$ 558,935	$ 567,115	$ 7,921,534

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

TONY LA RUSSA'S ANIMAL RESCUE FOUNDATION

(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2020 AND 2019

	2019								
	Program Services						*Supportive Services*		
	Animal Care and Adoptions	*Training*	*Veterinary Clinic*	*Human Education*	*Community Outreach*	*Total Program*	*Management and General*	*Fundraising*	*Total*
Personnel	$ 1,810,707	$ 177,156	$ 1,342,835	$ 371,001	$ 697,163	$ 4,398,862	$ 395,025	$ 311,462	$ 5,105,349
Professional services	7,517	8,565	14,754	1,795	9,311	41,942	77,325	12,182	131,449
Occupancy	182,101	43,198	167,935	29,100	9,495	431,829	16,904	13,010	461,743
Equipment rental, repairs and maintenance	43,312	13,249	44,696	8,163	11,461	120,881	19,766	14,912	155,559
Animal care and supplies	224,161	1,664	318,437	-	347,580	891,842	-	-	891,842
Supplies	9,375	1,068	8,263	20,795	5,283	44,784	5,512	1,393	51,689
Printing and publications	117,053	13,904	108,786	16,740	60,057	316,540	4,089	118,297	438,926
Postage	4,324	1,400	7,511	653	2,723	16,611	3,124	2,889	22,624
Insurance	49,814	10,943	10,975	7,565	1,924	81,221	2,827	1,849	85,897
Cost of goods sold	78,402	-	-	-	-	78,402	-	-	78,402
Advertising and promotion	20,200	2,018	17,770	3,597	54,269	97,854	681	134,227	232,762
Other expenses	47,753	6,279	24,613	7,221	32,539	118,405	1,446	23,487	143,338
Bad debts	-	-	3,237	-	-	3,237	-	-	3,237
Travel, conferences, and education	34,007	934	17,134	13,061	30,633	95,769	12,053	9,748	117,570
Depreciation	189,752	40,175	75,999	27,113	6,723	339,762	17,274	8,295	365,331
Loss on disposal of property and equipment	-	-	-	-	-	-	603	-	603
Total expenses	$ 2,818,478	$ 320,553	$ 2,162,945	$ 506,804	$ 1,269,161	$ 7,077,941	$ 556,629	$ 651,751	$ 8,286,321

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

TONY LA RUSSA'S ANIMAL RESCUE FOUNDATION

(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	$ 12,526,817	$ 15,908,533
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	418,569	365,331
Amortization	166,087	-
Donation of suite lease	(4,270,811)	-
Donation of stock	(73,671)	-
Unrealized (gain) loss on investments	988,188	(513,323)
Realized gain on sale of investments	(410,269)	(478,117)
Loss on disposal of property and equipment	62,571	603
Provision for bad debts	(228)	710
Provision for inventory write-downs	(36,180)	(3,207)
(Increase) decrease in assets:		
Pledges receivable – net	505,769	(1,554,028)
Accounts receivable – net	(78,716)	(19,056)
Inventory	(3,665)	4,549
Prepaid expenses	1,294	(66,576)
Deposits	-	91,477
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(86,362)	(152,795)
Construction payable	(102,718)	102,768
Accrued compensation	(2,388)	34,833
Deferred revenue	(93,967)	23,082
Interest payable	1,303	-
Net cash provided by operating activities	9,511,623	13,744,784
Cash flows from investing activities:		
Net increase in investments	(3,736,479)	(5,826,698)
Purchases of property and equipment	(5,878,069)	(2,145,115)
Net cash used in investing activities	(9,614,548)	(7,971,813)
Cash flows from financing activity:		
Proceeds from PPP loan	781,570	-
Net cash provided by financing activities	781,570	-
Net increase in cash and restricted cash	678,645	5,772,971
Cash and restricted cash, beginning of year	6,977,321	1,204,350
Cash and restricted cash, end of year	$ 7,655,966	$ 6,977,321
Noncash investing activities:		
Assets acquired through assuming liabilities	$ 1,173,477	$ -

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

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Tony La Russa's Animal Rescue Foundation (ARF) was incorporated in California in June 1991 as a nonprofit public benefit corporation for the purpose of ensuring humane treatment to domesticated animals and to bring people and animals together to enrich each other's lives.

ARF provides rescue, veterinary medical care, population control services and adoption services for homeless cats and dogs; veterinary medical services and pet food sharing for low-income families as well as low cost spay/neuter programs for the community; community outreach programs for children and teens promote the human/animal bond with a focus on those attending Title One schools as well as visits to people with disabilities or illness and adoptions for military veterans (Pets and Vets program).

Commencing in 2018, ARF, through the Pets and Vets program, initiated a capital campaign to solicit contributions for the construction of a Pets and Vets Center in Walnut Creek, California to serve as a safe space for veteran-dog teams to gather, learn, train, and socialize with group and simulated home training rooms, program offices, kennels and other gathering space. Construction planning, including drafting architectural plans and obtaining permits, began in 2017 and construction began in 2019. Capital campaign contributions earmarked for the Pets and Vets Center are presented as restricted contributions until the building is placed in service, which is expected to occur in Summer 2021.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method

ARF uses the accrual method of accounting, which recognizes income in the period earned and expenses when incurred, regardless of the timing of payments.

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 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.

Basis of Presentation

ARF reports information regarding its financial position and activities according to two classes of net assets, as applicable: net assets without donor restrictions and net assets with donor restrictions.

- Net assets without donor restrictions include those assets over which the Board of Directors has discretionary control in carrying out the operations of ARF.

- Net assets with donor restrictions include those assets subject to donor restrictions and for which the applicable restrictions were not met as of the end of the current reporting period. 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. When a donor restriction expires – that is, when a stipulated time restriction ends or purpose restriction is accomplished – 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*. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity.

Cash, Cash Savings, Cash Restricted for Capital Campaign and Cash Equivalents

Cash is defined as cash in demand deposit account as well as cash on hand. Cash restricted for the Capital Campaign is defined as cash reserved to be expended for capital campaign purposes. ARF occasionally maintains cash on deposit at a bank in excess of the Federal Deposit Insurance Corporation limit. The uninsured cash balance was approximately $56,000 as of June 30, 2020. In addition, ARF occasionally maintains cash and investments at a brokerage firm in excess of the Security Investor Protection Corporation limit of $500,000. ARF has not experienced any losses in such accounts.

Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash. Generally, only investments with original maturities of three months or less qualify as cash equivalents.

Revenue Recognition

Contributions:

Contributions are recognized as revenue when they are unconditionally communicated. Contributions consist principally of donations from individuals and other organizations. Contributions are recorded at their fair value as support without donor restrictions or support with donor restrictions, depending on the absence or existence of donor-imposed restrictions as applicable. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), 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. If donors' restrictions are satisfied in the same period that the contribution is received, the contribution is reported as support without donor restrictions.

Promises to Give:

Unconditional promises to give are recognized as contribution revenue in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Contributions of Long-Lived Assets:

Gifts of long-lived assets, such as equipment, are reported as unrestricted net assets support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire or construct long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Contributed Services and Donated Investments:

Contributed services are stated at their estimated fair value, if ordinarily purchased and of a specialized nature.

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Revenue from Contracts:

ARF deferred adoption of the new accounting guidance under FASB ASU 2014-09, *Revenues from Contracts with Customers (Topic 606)*, as permitted. Adoption of the standard will be required for fiscal years beginning after December 15, 2019. The guidance requires revenue to be recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. ASU 2014-09 establishes a five-step process for recognizing revenue which includes identifying the contract, identifying performance obligations within the contract, determining the transaction price, estimating the amount of variable consideration in the transaction price and allocating the transaction price to each performance obligation, and recognizing revenue upon performance of the identified obligations.

Deferred Revenue

Deferred revenue primarily includes advance fees received in connection with a contract with Purina for advertisement and media appearances and other funds received in advance for programs in subsequent fiscal years. Revenue will be recognized over the period in which the related performance obligations are satisfied.

Accounts Receivable

Accounts receivable represents amounts billed but not yet collected for services provided. ARF records an allowance for doubtful accounts based on a review of outstanding accounts receivable, historical collection information, and existing economic conditions. The allowance for doubtful accounts was $2,451 and $2,223 as of June 30, 2020 and 2019, respectively.

Pledges Receivable

Pledges receivable are recorded as support when the pledge is unconditionally communicated. All pledges are valued at their estimated net present value at June 30, 2020 and 2019 and are deemed fully collectible. Accordingly, no allowance for uncollectible pledges has been provided.

Inventory

Inventory consists of purchased and donated items for auction or resale and are recorded at cost or fair value at the date of purchase or donation, respectively. Memorabilia items are discounted by 50% to approximate the lower of cost or market based on the estimated fair market value of the items. Goods donated to the thrift shop are not reflected in the financial statements since no objective basis is available to measure their values.

Intangible Assets

Intangible assets consist of a donated suite license agreement which is recorded at fair value and amortized on a straight-line basis over the 15-year term of the lease. The donated suite lease is reviewed for impairment at least annually.

ARF elected early application of new accounting guidance under FASB ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, as permitted. Adoption of the standard will be required for annual periods beginning after June 15, 2021. The guidance requires contributed non-financial assets be segregated from cash and other financial assets on the statements of activities and requires qualitative disclosures including: (a) whether the asset was monetized or utilized during the reporting period, and if utilized a description of the programs or activities in which those assets were monetized or used; (b) a policy, if any, about whether to monetize the contributed nonfinancial asset rather than utilize the asset; (c) a description of any donor-imposed restrictions; (d) the valuation techniques and inputs used to arrive at a fair value measurement and (e) the principal market used in determining a fair value measure if the market is one in which a donor-imposed restriction prohibits ARF from selling or using the contributed nonfinancial asset.

Investments

Investments consist of money market funds, exchange traded funds, bond funds, equities, and equity funds, and are reported at fair value in the statements of financial position. Realized and unrealized gains and losses on investments are included in net investment return including endowment funds in the statements of activities. Investment income and gains or losses are reflected as increases or decreases in the net assets without donor restrictions if the restrictions are met (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the investment income and gains or losses are recognized.

Under accounting principles generally accepted in the United States of America, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date.

Accounting principles generally accepted in the United States of America establish a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of ARF. Unobservable inputs, if any, reflects ARF’s assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that ARF has the ability to access at measurement date. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on significant inputs that are observable, either directly or indirectly or quoted prices in markets that are not active, that is, markets in which there are few transactions, the prices are not current or price quotations vary substantially either over time or among market makers.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary from investment to investment and is affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed.

Property and Equipment

Property and equipment are stated at cost of acquisition or construction. Donated property and equipment are recorded at their estimated fair market values at the date of donation. The costs of maintenance and repairs below $5,000 that neither significantly add to the permanent value of property nor prolong its intended useful life is charged to expense as incurred. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the respective assets.

The useful lives of the assets are estimated as follows:

Building and improvements	various to 39 years
Furniture and fixtures	5 to 7 years
Vehicles	3 to 10 years
Machinery and equipment	3 to 5 years
Website development costs	10 years
Leasehold improvements	7 years

The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any gain or loss is reflected in the statements of activities.

Construction in Progress

ARF incurs various costs during the construction period of the new Pets and Vets Center. Such costs include architectural fees to draft plans, permits, and construction management fees, as well as construction costs. ARF records these costs as assets (construction in progress) until the building is placed in service. Construction in progress is not depreciated until the completion of the construction.

Advertising and Promotion Costs

Advertising and promotion costs are generally recorded as expenses when the cost is incurred. Such costs totaled $108,339 and $232,762 for the years ended June 30, 2020 and June 30, 2019, respectively.

Income Taxes

ARF is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and the related California code sections.

ARF believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. ARF's federal and state information returns for the years 2016 through 2019 are subject to examination by regulatory agencies, generally for three years and four years after they were filed for federal and state, respectively.

Functional Expenses Allocation

The costs of providing program services and supportive services have been summarized on a functional basis in the statements of activities and statements of functional expenses. Salaries and related expenses are allocated based on the actual time spent by employees on various activities. Occupancy and general expenses are allocated based on space usage by each function. Accordingly, certain costs are allocated among program services and supporting services based on estimates of employees' actual time incurred and on usage of resources. Directly identifiable expenses are charged to programs and supporting services.

Fundraising Cost

Fundraising costs are generally recorded as expenses when the fundraising event takes place which include costs associated with marketing, special events and grant writing. Such costs totaled $881,887 and $876,486 for the years ended June 30, 2020 and June 30, 2019, respectively, of which $314,772 and $224,735, respectively, was related to special events. The balances of $567,115 and $651,751 at June 30, 2020 and June 30, 2019, respectively, have been reported as fundraising expenses in the statements of activities.

Subsequent Events

Management has evaluated subsequent events through June 24, 2021, the date on which the financial statements were available to be issued.

Reclassification

Certain amounts previously reported in the 2019 financial statements were reclassified to conform to the 2020 presentation for comparative purposes.

NOTE 3 – PLEDGES RECEIVABLE

Pledges receivable at June 30, 2020 and 2019 were expected to be collected in the following periods:

	2020	2019
In one year or less:	$ -	$ -
Capital campaign	867,545	863,750
Operations	5,000	4,640
Total in one year or less	872,545	868,390
Between one to five years:		
Capital campaign	582,600	1,145,542
Operations	5,000	-
Total between one to five years	587,600	1,145,542
Total pledges receivable	1,460,145	2,013,932
Present value discount	(37,171)	(85,189)
Total	$ 1,422,974	$ 1,928,743

At June 30, 2020 and 2019, the discount rate was 3.25% and 5.50%, respectively, and is based on the federal prime rate.

The capital campaign pledges are related to ARF's construction of a Pets and Vets Center that will serve as the national headquarters for shelter to service dog training. The goal of the Center is to pair service dogs with Veterans who are struggling to readjust to civilian life due to service related mental health conditions including post-traumatic brain injury, depression and anxiety.

NOTE 4 – INVESTMENTS

ARF's investment funds are managed by a third-party financial advisor. Based on the fund's time horizon, risk tolerance, performance expectations, and asset class preferences, an optimal portfolio was identified. ARF's financial advisors shall pursue a "Diversified Market-Neutral Strategy," consistent with proven investment practices. Consequently, the strategic asset allocation of the fund assets shall be as follows until ARF's board and its financial advisors elect to pursue an alternative strategy:

- Mid/Small and Large Capitalization Equity at 42%
- International equity at 18%
- Taxable bonds at 40%.

The funds are rebalanced at least on an annual basis to ensure that the funds are adhering to ARF's investment objectives:

Objective #1: To obtain the highest level of return for the Investment Committee's desired level of risk in a manner prudent for a non-profit foundation.

Objective #2: To limit risk exposure through diversification of asset classes and investment vehicles within asset classes.

Objective #3: To establish policies based on total return rather than current income. This provides the greatest investment flexibility and therefore greatest opportunity for growth of assets.

Objective #4: To maintain the purchasing power of the fund by achieving appropriate inflation-adjusted returns. The Investment Committee desires to maintain the level of services in relation to average cost increases. This requires establishing a spending rate of no more than 7%.

Objective #5: Apply a smoothing rule to mitigate the effects of short-term market volatility on spending.

Objective #6: To control the costs of administering and managing the fund.

Investment balances have been presented as follows on the statements of financial position:

	2020	2019
Cash restricted for capital campaign	$ 7,242,319	$ 6,806,171
Cash savings	122,812	59,719
Investments	38,342,006	35,109,775
Total	$ 45,707,137	$ 41,975,665

The investment return for 2020 and 2019 consisted of the following:

	2020	2019
Interest and dividend income	$ 1,187,876	$ 831,559
Net realized gain from sale of securities	410,269	478,117
Unrealized gain (loss)	(988,188)	513,323
Sub-total	609,957	1,822,999
Less: investment fees	(54,748)	(48,204)
Total	$ 555,209	$ 1,774,795

ARF held the following investments at fair value in a brokerage account at June 30, 2020 and 2019:

	2020		2019	
	Cost	*Quoted Prices in Active Markets for Identical Assets (Level 1)*	*Cost*	*Quoted Prices in Active Markets for Identical Assets (Level 1)*
Money market funds	$ 7,365,131	$ 7,365,131	$ 6,865,890	$ 6,865,890
Exchange traded funds	18,477,598	20,710,493	15,779,175	19,453,473
Bond funds	15,390,519	16,077,626	13,023,455	13,139,606
Equity funds	1,546,426	1,548,981	2,396,399	2,516,696
Equities	4,906	4,906	-	-
	$ 42,784,580	$ 45,707,137	$ 38,064,919	$ 41,975,665

NOTE 5 – PROPERTY AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

Property and equipment is summarized as follows:

	2020	2019
Land	$ 7,264,668	$ 7,264,668
Buildings and improvements	11,120,323	11,019,926
Furniture and fixtures	705,820	735,668
Vehicles	579,415	544,944
Machinery and equipment	54,118	54,118
Website development costs	62,500	62,500
Leasehold improvements	43,730	43,730
	19,830,574	19,725,554
Less: accumulated depreciation and amortization	(5,775,180)	(5,523,001)
Total property and equipment, net	$ 14,055,394	$ 14,202,553

Construction in progress totaled $7,973,568 and $1,256,003 in 2020 and 2019, respectively. Planning for the Pets and Vets Center began in 2017, which consisted of drafting architectural plans and obtaining permits. Construction of the building began in 2019 and is targeted to be completed in Summer 2021. The Pets and Vets program capital campaign was initiated in 2018 to raise funds for the purpose of constructing the Pets and Vets Center building.

NOTE 6 – INVENTORY

Inventories are summarized as follows:

	2020	2019
Donated sports memorabilia, net of allowance for write-down of $99,452 and $63,272 in 2020 and 2019, respectively	$ 99,451	$ 63,271
ARF wear garments	9,176	8,469
Miscellaneous items	31,519	28,561
Total	$ 140,146	$ 100,301

NOTE 7 – INTANGIBLE ASSET

In December 2019, a donor contributed the rights to a prepaid luxury box-suite on the Owner's Suite Level of the San Francisco 49ers football stadium in Santa Clara, California. No purpose or use restrictions were attached to the donation. The prepaid suite, under terms of a Suite License Agreement and Assumption Agreement (Agreement), included an initial 20-year term covering the period from March 1, 2014 through February 28, 2034. Due to COVID-19, and ARF's inability to utilize the benefits set forth in the Agreement for the year covering March 1, 2020 through February 28, 2021, the lessor extended the contract term through February 28, 2035 for no further consideration.

The Agreement was recorded at its fair value at date of donation as determined by an appraisal performed specifically for such purpose. The Agreement was valued at $4,270,811 at date of donation and is amortized on a straight-line basis over the remaining contract term of approximately 15 years. At June 30, 2020, the carrying value of the suite license agreement totaled $4,104,724, net of accumulated amortization of $166,087.

ARF reviews the Agreement for impairment whenever events or changes in circumstances indicate that the carrying value of such asset may not be recoverable. Impairment is measured by a comparison of the net carrying amount of the asset to the value of the suite based on the value of comparable suites in comparable stadiums, use of the suite for scheduled events, the performance of the 49ers football team, the opportunity to list the suite on the open market, and other relevant factors. If the asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value of such asset. There were no impairment losses recognized in 2020.

ARF accepted the donated stadium suite lease with the intent to use the luxury-suite to provide entertainment to donors, employees, volunteers and other associated individuals and organizations that help to promote and sustain ARF's mission, fundraising goals and program objectives. ARF also intends to monetize the asset through short-term rental and possible sale of the suite lease agreement. Any transfer or sale of the agreement cannot be made without the approval of Forty-Niners SC Stadium Company LLC, the licensor. ARF will assess its ability to sell the suite once the stadium is allowed to resume normal operations.

NOTE 8 – CONDITIONAL PROMISES TO GIVE

ARF periodically receives conditional grants that require grantors' approval of progress toward milestones set forth in the grant agreements. Revenue is recognized upon meeting the specified condition(s). At June 30, 2020 and 2019, there were no conditional grants with balances not yet recognized as revenue.

NOTE 9 – LINE OF CREDIT

ARF has a $350,000 revolving line of credit with a bank, which bears interest at the greater of 0.5% over the bank's prime rate, which approximated 5.25% at June 30, 2020, or 5.50% and is secured by substantially all assets of ARF. Effective October 6, 2020, the maturity date of the loan was extended to August 5, 2021 and the minimum interest rate was adjusted to 3.25%. No amounts were outstanding in connection with the respective line of credit as of June 30, 2020 and 2019.

NOTE 10 – PAYCHECK PROTECTION PROGRAM

On April 25, 2020, ARF received loan proceeds of $781,570 from a promissory note issued under the Paycheck Protection Program ("PPP") which was established under the CARES Act and is administered by the U.S. Small Business Association (SBA). The term of the loan is for two years, with an annual interest rate of 1%, and specified monthly principal and interest payments of $43,983. Under current SBA guidance, payments of principal and interest are deferred for the first ten months of the loan after the covered period, defined as the twenty-four week period beginning upon receipt of the PPP loan funding. However, if a loan forgiveness application is submitted within the ten-month deferral period, the deferral period will end on the earlier of: a) the date the SBA remits the approved loan forgiveness amount to the lender, or b) if no loan forgiveness is allowed then the date the SBA provides notice of that fact to the lender. Accordingly, absent an application for loan forgiveness, the first loan payment would be due in March 2021. All remaining principal and accrued interest are payable in April 2022. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loan proceeds granted under the PPP. Such forgiveness will be determined based on the use of the loan proceeds for payroll costs, rent and utility expenses and the maintenance of workforce and compensation levels with certain limitations.

The proceeds from the PPP loan have not been recognized as debt forgiveness as of June 30, 2020 because the request for forgiveness has not been submitted and approved. Management intends to apply for and be granted forgiveness of the loan in full. Interest expense and interest payable as of and for the period ended June 30, 2020 and 2019 was $1,303 and $-0-, respectively.

Principal payments on notes payable for the next five years are subject to approval of the terms of forgiveness, as stated above, which is a contingency that cannot be reasonably estimated.

NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent funds which have not yet been expended for donor-imposed restrictions or time restrictions. Net assets with donor restrictions were available for the following purposes:

	June 30, 2019, As Restated	*Contributions*	*Investment income*	*Releases from Restrictions*	*June 30, 2020*
Capital campaign	$ 10,373,817	$ 5,409,920	$ -	$ (14,691)[(1)]	$ 15,769,046
Capital campaign – special events	1,253,880	1,150,562	-	(61,401)[(2)]	2,343,141
Endowment funds (Note 12)	2,002,194	50,000	43,162	(239,220)[(4)]	1,856,136
Human education program	30,596	-	-	(3,542)	27,054
Hope fund	18,720	13,918	-	(18,720)	13,918
Pet retention program	10,000	-	-	(10,000)	-
Other programs	859	20,161	-	(6,991)	14,029
Total	$ 13,690,066	$ 6,644,561	$ 43,162	$ (354,565)	$ 20,023,224

	June 30, 2018, As Restated	*Contributions*	*Investment Income*	*Releases from Restrictions*	*June 30, 2019, As Restated*
Capital campaign	$ 1,195,969	$ 10,457,619	$ -	$ (1,279,771)[(3)]	$ 10,373,817
Capital campaign – special events	-	1,325,083	-	(71,203)[(2)]	1,253,880
Endowment funds (Note 12)	2,033,898	-	192,380	(224,084)[(4)]	2,002,194
Human education program	2,765	50,000	-	(22,169)	30,596
Hope fund	15,192	23,056	-	(19,528)	18,720
Pet retention program	-	10,000	-	-	10,000
Intake vehicle	66,378	-	-	(66,378)[(3)]	-
Spay and neuter vehicle	30,270	-	-	(30,270)	-
Other programs	-	859	-	-	859
Total	$ 3,344,472	$ 11,866,617	$ 192,380	$ (1,713,403)	$ 13,690,066

(1) Releases from restrictions of $7,460 and $7,231 in 2020 is the final payment for the solar parking lot installation which was placed in service in 2019 and capital campaign expenses, respectively.

(2) Releases from restrictions of $61,401 and $71,203 are for capital campaign expenses incurred during 2020 and 2019, respectively.

(3) Releases in 2020 are for the solar parking lot, grooming room and capital campaign expenses, excluding special events. Both the solar parking lot and grooming room were placed in service in 2019. The releases are net of a transfer of $47,444 to the intake vehicle program.

(4) Releases from restrictions for the endowment funds are appropriations permitted for expenditure.

NOTE 12 – ENDOWMENTS

ARF's endowment net assets consist of funds whose corpus is to remain intact and includes those assets of donor-restricted funds that ARF must hold in perpetuity. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

ARF has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), signed into law in California in 2008, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, ARF classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

ARF considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purpose of ARF and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation and depreciation of investments, and (6) the investment policies of ARF.

In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable without purpose restriction. Through June 30, 2019, ARF received one endowment (in 2005), of which the earnings on the corpus balance of $1,612,549 are restricted as to use. The ARF donor indicated that the use of the investment income, including net appreciation, resulting from the donor-restricted endowment funds should be used by ARF exclusively for charitable purposes for the well-being, advancement, preservation and care of small animals in California, with particular emphasis given, but not limited to, dogs and cats and also may be used, but are not limited to, veterinary care, particularly including spaying and neutering, preservation, rescue and placement.

ARF has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding of programs supported by its endowment while also maintaining the purchasing power of the endowment assets, assuming an average inflation rate of 2.5%. In establishing this policy, ARF considered the long-term expected investment return on its endowment assets. Approved by its Board of Directors, endowment assets are invested in a manner that is intended to produce results that exceed the respective benchmark while assuming a moderate level of investment risk. Accordingly, over the long term, ARF expects its endowment assets, over time, to produce the highest level of return, net of investment fees, for the desired level of risk. Actual returns in any given year may vary from this amount.

The Board of Directors of ARF has full authority and plenary power to manage, invest and reinvest any principal of the fund and any increase or accumulations to it and any income from it; however, the Board of Directors has a fiduciary duty to maintain the corpus of the endowment fund.

The Board of Directors established a spending rate of no more than 7% of the average annual fair value of the investment balance of the endowment funds for the prior two fiscal year ends. In establishing this policy, ARF considered the long-term expected return on its endowment assets, the nature and duration of the endowment funds, all of which must be maintained in perpetuity because of donor restrictions and possible effects of inflation. Accordingly, over the long term, ARF expects their spending policy to allow its endowment to grow at a rate exceeding expected inflation. In the event that the endowment were underwater, the spending rate would be 0%.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires ARF to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets with donor restrictions and generally result from unfavorable market fluctuations that occur shortly after the investment of new contributions with donor restrictions and continued appropriation for certain programs that were deemed prudent by the Board. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level are classified as an increase in net assets with donor restrictions. There were no aforementioned deficiencies at June 30, 2020 and 2019.

Net changes in endowment funds are as follows:

	Without Donor Restrictions [1]	*With Donor Restrictions*	*Total*
Balance as of June 30, 2018	$ 1,287,341	$ 2,033,898	$ 3,321,239
Dividend income	-	78,843	78,843
Net realized and unrealized gains on investments	-	118,779	118,779
Appropriations	224,084	(224,084)	-
Investment fees	-	(5,242)	(5,242)
Balance as of June 30, 2019	1,511,425	2,002,194	3,513,619
Dividend income	-	92,128	92,128
Net realized and unrealized losses on investments	-	(43,945)	(43,945)
Appropriations	239,220	(239,220)	-
Contributions	-	50,000	50,000
Investment fees	-	(5,021)	(5,021)
Balance as of June 30, 2020	$ 1,750,645	$ 1,856,136	$ 3,606,781

[1] Endowment funds without donor restrictions are funds that have been appropriated for use in ARF programs and general charitable purpose.

NOTE 13 – RETIREMENT PLAN

ARF has a 403(b) retirement plan which is offered to all employees who completed one year of eligible service without regard to minimum age. ARF contributes a dollar for dollar match up to 2% of the employee's gross compensation. All participating employees may contribute up to the annual IRS limit. Employer contributions for 2020 and 2019 were $45,390 and $46,444, respectively.

NOTE 14 – JOINT COSTS

In 2020 and 2019, ARF conducted activities that included requests for contributions as well as a program component. Those activities include special events and direct mail campaigns. The costs of conducting those activities included a total of $315,669 and $346,366 of joint costs for the years ended June 30, 2020 and June 30, 2019, respectively, which are not specifically attributable to particular components of the activities. For the years ended June 30, 2020 and 2019, total joint costs allocated to program was $211,388 and $242,456, respectively, and $104,281 and $103,910, respectively, was allocated to fundraising.

NOTE 15 – DONATED GOODS AND SERVICES

ARF relies heavily on donated goods and services to operate its adoption center and thrift store. A substantial number of unpaid volunteers have made significant contributions of times to ARF. For the years ended June 30, 2020 and June 30, 2019, volunteers donated approximately 69,263 and 98,862 hours to ARF, respectively. These hours included approximately 26,697 and 28,510 hours of foster care for animals, respectively. No amounts have been reflected in the financial statements for donated services since no objective basis is available to measure their value.

Contributed goods are included in the financial statements at their fair value where an objective basis of measurement is available. Such donated goods for the years ended June 30, 2020 and June 30, 2019 were reported as contributions of $511,838 and $566,160 respectively, with offsetting assets and expenses recorded in the corresponding categories as follows: program services $306,517 and $482,584, fund raising $205,321 and $83,556, and supporting services $0 and $20 for the years ended June 30, 2020 and June 30, 2019, respectively.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

Thrift Store Lease

The ARF thrift store operates from the Market Street Park and Shop Center in Concord, California, under an operating lease which expires on November 30, 2021. Under the terms of the lease agreement, the base rent increases annually by 3% to 5%. The rental expense under this operating lease agreement for 2020 and 2019 was $101,869 and $100,716, respectively.

Other Leases

ARF also has several other non-cancellable operating lease arrangements for equipment and an operating lease for its storage unit that is currently leased on a month to month basis. The rental expense under other operating lease agreements for 2020 totaled $42,755.

The estimated future minimum lease payments for the non-cancellable operating leases are as follows:

Year Ending June 30,	
2021	$ 128,652
2022	68,167
2023	23,660
2024	3,943
	$ 224,422

COVID-19 Pandemic

The emergence and spread of the coronavirus (COVID-19) beginning in the first quarter of 2020 has affected businesses and economic activities in the US and beyond. The extent of the impact of COVID-19 on ARF's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, the effects on supply chains, service providers, business partners, and changes in business practices, all of which are uncertain and cannot be determined at this time.

NOTE 17 – LIQUIDITY AND AVAILABILITY

Financial assets as of June 30, 2020 and 2019 consist of the following:

	2020	2019
Financial assets at end of year available within one year:		
Cash	$ 290,835	$ 111,431
Cash savings	122,812	59,719
Cash restricted for capital campaign	7,242,319	6,806,171
Accounts receivable	123,143	44,199
Pledges receivable	1,422,974	1,928,743
Investments	38,342,006	35,109,775
	47,544,089	44,060,038
Less financial assets not available for general expenditures:		
Cash restricted for capital campaign	(7,242,319)	(6,806,171)
Pledges receivable for specified purposes	(1,412,974)	(1,924,103)
Investments – Endowment with donor-specified restrictions	(1,856,136)	(2,002,194)
Financial assets available for general expenditures within one year	$ 37,032,660	$ 33,327,570

Financial assets include amounts that will be used to pay accounts payable, accrued expenses and other distributions from operating cash flow, if any, in the subsequent year. ARF also has an available line of credit agreement, which bears interest at 0.5% plus the bank's prime rate, totaling $350,000 with no outstanding borrowings as of June 30, 2020.

NOTE 18 – RECLASSIFICATION OF NET ASSETS

FASB ASU 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities,* effective for fiscal years beginning after December 15, 2017, clarifies that donor-imposed purpose restrictions for cash contributed to acquire or construct long-lived assets are considered to have expired when the related assets are placed in service. The previously issued financial statements did not include the required retrospective application, in addition to classifying certain special event contributions that were donor-restricted for the capital campaign, which resulted in a reclassification of net assets without donor restrictions to net assets with donor restrictions in the amount of $537,322 and $2,509,883 as of June 30, 2018 and 2019. Details are as follows:

	Net Assets Without Donor Restrictions	*Net Assets With Donor Restrictions*
Balance, June 30, 2018, as previously reported	$ 40,149,282	$ 2,807,150
Adjustment for 2018 release of capital campaign net assets	(537,322)	537,322
Balance, June 30, 2018, as restated	$ 39,611,960	$ 3,344,472

	Net Assets Without Donor Restrictions	*Net Assets With Donor Restrictions*
Balance, June 30, 2019, as previously reported	$ 47,684,782	$ 11,180,183
Adjustments:		
2018 releases of campaign net assets	(537,322)	537,322
2019 Leaders and Legends – capital campaign contributions	(1,253,880)	1,253,880
2019 release of campaign net assets	(718,681)	718,681
Balance, June 30, 2019, as restated	$ 45,174,899	$ 13,690,066

NOTE 19 – LEGAL CLAIMS AND ASSERTIONS

ARF has been named in civil actions related to employment practices. Those claims are being evaluated by legal counsel. It is indeterminate whether such claims may result in any liability. ARF maintains insurance coverage with respect to such claims, and management believes such coverage is sufficient to cover legal costs and provides specified coverage should a liability determination be made.