

**ALLIANCE FOR CONTRACEPTION
IN CATS AND DOGS**

FINANCIAL STATEMENTS

Year Ended December 31, 2021



KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

ALLIANCE FOR CONTRACEPTION IN CATS AND DOGS

FINANCIAL STATEMENTS

Year Ended December 31, 2021

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Alliance for Contraception in Cats and Dogs
Portland, Oregon

We have reviewed the accompanying financial statements of Alliance for Contraception in Cats and Dogs (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Alliance for Contraception in Cats and Dogs and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alliance for Contraception in Cats and Dogs as of December 31, 2021, 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.

Kern & Thompson, LLC

Portland, Oregon
June 17, 2022

ALLIANCE FOR CONTRACEPTION IN CATS AND DOGS

STATEMENT OF FINANCIAL POSITION

December 31, 2021

ASSETS

Cash and cash equivalents	\$ 710,334
Grants and contributions receivable	190,000
Investments	<u>151,707</u>
Total assets	\$ <u>1,052,041</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued liabilities	\$ 20,954
Payroll liabilities	<u>3,323</u>
Total liabilities	<u>24,277</u>
Net assets	
Without donor restrictions	667,764
With donor restrictions	<u>360,000</u>
Total net assets	<u>1,027,764</u>
Total liabilities and net assets	\$ <u>1,052,041</u>

See independent accountants' review report and notes to financial statements.

ALLIANCE FOR CONTRACEPTION IN CATS AND DOGS

STATEMENT OF ACTIVITIES

Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Grants	\$ 43,690	\$ 400,000	\$ 443,690
Contributions	16,266	-	16,266
Other revenue	-	-	-
Paycheck Protection Program grant	78,394	-	78,394
Realized and unrealized gain on investments	32,033	-	32,033
Interest and dividend income	2,012	-	2,012
	<u>172,395</u>	<u>400,000</u>	<u>572,395</u>
Net assets released from restriction for timing	<u>210,000</u>	<u>(210,000)</u>	<u>-</u>
Total revenues and other support	<u>382,395</u>	<u>190,000</u>	<u>572,395</u>
Expenses			
Program services	211,923	-	211,923
Supporting services			
Management and general	63,138	-	63,138
Fundraising	24,845	-	24,845
Total expenses	<u>299,906</u>	<u>-</u>	<u>299,906</u>
Change in net assets	82,489	190,000	272,489
Net assets, beginning of year	<u>585,275</u>	<u>170,000</u>	<u>755,275</u>
Net assets, end of year	<u>\$ 667,764</u>	<u>\$ 360,000</u>	<u>\$ 1,027,764</u>

See independent accountants' review report and notes to financial statements.

ALLIANCE FOR CONTRACEPTION IN CATS AND DOGS

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021

		<u>SUPPORTING SERVICES</u>		
	<u>PROGRAM SERVICES</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Total</u>
Salaries	\$ 158,166	\$ 33,903	\$ 20,328	\$ 212,397
Payroll taxes and benefits	23,821	5,585	3,993	33,399
Professional services	-	16,948	-	16,948
Website and newsletters	11,618	4	125	11,747
Office expenses	4,347	6	-	4,353
Travel	-	375	-	375
Conferences, conventions, and meetings	-	-	-	-
Insurance	-	2,673	-	2,673
Research	13,150	-	-	13,150
Payroll processing	1,100	3,167	-	4,267
Other expenses	<u>(279)</u>	<u>477</u>	<u>399</u>	<u>597</u>
	<u>\$ 211,923</u>	<u>\$ 63,138</u>	<u>\$ 24,845</u>	<u>\$ 299,906</u>

See independent accountants' review report and notes to financial statements.

ALLIANCE FOR CONTRACEPTION IN CATS AND DOGS

STATEMENT OF CASH FLOWS

Year Ended December 31, 2021

Cash flows from operating activities:	
Change in net assets	\$ 272,489
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Unrealized gain on investments	(32,033)
(Increase) decrease in assets:	
Grants and contributions receivable	(20,000)
Increase (decrease) in liabilities:	
Accounts payable	10,447
Payroll liability	1,723
Refundable advance	(38,287)
Net cash provided by (used in) operating activities	<u>194,339</u>
Cash flows from investing activities:	
Investment earnings retained in investment accounts	<u>(1,758)</u>
Net cash provided by (used in) investing activities	<u>(1,758)</u>
Net change in cash	192,581
Cash and cash equivalents, beginning of year	<u>517,753</u>
Cash and cash equivalents, end of year	\$ <u><u>710,334</u></u>

See independent accountants' review report and notes to financial statements.

ALLIANCE FOR CONTRACEPTION IN CATS AND DOGS

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE A – DESCRIPTION OF ORGANIZATION

The mission of the not-for-profit Alliance for Contraception in Cats & Dogs (the Organization or “ACC&D”) is to advance non-surgical sterilants and contraceptives for cats and dogs and to promote their global accessibility. ACC&D envisions a world in which dog and cat populations are effectively and humanely managed, improving the lives of dogs and cats and the people who care about them. ACC&D provides scientifically sound animal welfare-oriented resources to stakeholders and the public, supports the implementation of available products suitable for the humane control of cat and dog populations, and facilitates research on topics relevant to the acceptance and use of non-surgical fertility control. It has held six international symposia to convene researchers, academics, veterinarians, animal welfare professionals, and other stakeholders to advance cat and dog fertility control.

ACC&D is supported by dedicated and knowledgeable volunteers, which include senior animal welfare leaders, veterinarians, scientists, and academics. In 2021, ACC&D was governed by an 11-person Board of Directors, and also guided by a 14-member Science Advisory Board and an 8-member International Advisory Board launched in 2020. ACC&D advisory boards provide important subject-matter expertise that help guide projects and enhance ACC&D’s ability to serve as a trusted source for information on non-surgical fertility control.

ACC&D inspired the 2008 creation of the \$75 million Michelson Prize and Grants program of the Found Animals Foundation. To date, that organization has made over \$19 million in grants to over 40 research projects to invent a non-surgical sterilant for dogs and cats. ACC&D continues to collaborate with this program in several ways. ACC&D’s funding is independent.

ACC&D relies on grants from not-for-profit organizations, private foundations, corporations, and individual major donors for its primary support. ACC&D’s Council of Stakeholders comprises leading organizations which provide strategic and networking support as well as key financial resources to help ensure ACC&D’s sustainability. Council members in 2021 were Alley Cat Allies, the American Society for the Prevention of Cruelty to Animals (ASPCA), The Regina Bauer Frankenberg Foundation, The Humane Society of the United States, International Cat Care, Mars Petcare, PetSmart Charities, and a foundation who prefers to remain anonymous.

Some key accomplishments in 2021 included:

Progress toward a non-surgical sterilant, and broader use of contraceptives: ACC&D monitored and reported on advances with a single injection sterilant technology for female cats that completed a successful 2nd year breeding trial in 2021. As a result, that technology transitioned into drug development, and work with dogs has begun. We also monitored several other research initiatives, providing guidance as appropriate.

As the pandemic and veterinary staffing shortages has caused delays in access to veterinary care, there has been an urgent need for alternatives to spay/neuter surgery. ACC&D supported veterinarians and shelters using or considering use of megestrol acetate, an affordable oral contraceptive, to prevent pregnancy in cats who did not have timely access to surgery.

Free-roaming cat population modeling: ACC&D published its 3rd open access research paper to help guide community programs to humanely and effectively reduce free-roaming cats over time. Results were widely shared, which included creating succinct layperson summaries of key learning, and presentations tailored to non-scientific audiences.

ALLIANCE FOR CONTRACEPTION IN CATS AND DOGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2021

NOTE A – DESCRIPTION OF ORGANIZATION (CONTINUED)

Marking non-surgically contracepted/sterilized animals: Our project exploring the use of microneedle patches to painlessly tattoo an animal's ear progressed in 2021 despite COVID-19 causing delays. We continued working closely with partners at the Georgia Institute of Technology to test these patches to tattoo the inside of a dog or a cat's ear to indicate that it has been non-surgically sterilized and/or vaccinated. We raised funds to support, and separately established partnerships with the ASPCA and Atlanta Humane Society, to conduct pilot studies.

Other Programs: Evaluation of health benefits and risks of surgical sterilization in dogs: ACC&D partnered with Banfield the Pet Hospital and STATCOM at the University of Michigan analyzing a large data repository on dog health as it relates to spay/neuter. We began drafting a manuscript for publication in 2022.

Outreach and Education: ACC&D launched an updated website to enhance user experience, and ACC&D affiliated speakers presented at or virtually attended a number of conferences. ACC&D held a meeting for our Council of Stakeholders with a full update on this field.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting, which recognizes revenue when earned and expenses when incurred. Transactions are classified according to the existence or absence of donor-imposed restrictions.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets either subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

ALLIANCE FOR CONTRACEPTION IN CATS AND DOGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments and Fair Value Measurements

The Organization has equity securities which are carried at fair value based on quoted market prices using prevailing financial market information. All gains and losses on equity securities, realized and unrealized, are recognized in investment income. The investments are reviewed annually for impairment by management. No impairments were recognized by the Organization during the year ended December 31, 2021.

Investments are the only assets measured at fair value on a recurring basis. Valuation techniques used to measure fair value are prioritized into the following hierarchy:

Level 1 – Quoted prices in active markets for identical assets. Assets in this level typically include publicly traded equities, mutual fund investments and cash equivalents.

Level 2 – Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data such as published interest rates and yield curves, over-the-counter derivatives, market modeling, or other valuation methodologies.

Level 3 – Unobservable inputs that reflect management's assumptions and best estimates based on available data.

Investments are carried at fair value based on quoted prices in active markets in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Functional Allocation of Expenses

The costs of providing the programs and supporting services have been summarized in the Statement of Activities. Directly identifiable expenses are charged to programs and supporting services when incurred. Certain costs, including office expense and utilities have been allocated among the programs and supporting services benefited based primarily on estimates of time and effort and square-footage usage estimates.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

Property and equipment is recorded at cost. Donated equipment is recorded at fair market value at the date received. Depreciation and amortization is computed on the straight-line method over the estimated useful lives, which ranges from three to seven years. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$2,500.

ALLIANCE FOR CONTRACEPTION IN CATS AND DOGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Unconditional Promises to Give

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Income Taxes

The Organization has been approved as a tax-exempt organization under the Internal Revenue Code Section 501(c)(3) and applicable state laws. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Organization does not believe it has unrelated trade or business income in excess of \$1,000.

NOTE C – GRANTS RECEIVABLE

Grants receivable consist of unconditional promises to give. Based on the history of these grantors, the funding is expected to be collected in full. As of December 31, 2021, \$140,000 of contributions receivable is expected to be collected in 2022, \$25,000 is expected to be collected in 2023, and \$25,000 is expected to be collected in 2024. Management has not discounted the 2021 grants receivable as the effect of doing so is immaterial.

NOTE D – INVESTMENTS

Fair values of investments as of December 31, 2021 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value Total</u>
S&P Index Fund	\$ <u>151,707</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>151,707</u>

NOTE E – RESTRICTIONS ON NET ASSETS

The Organization's net assets with donor restrictions totaled \$360,000 and are all grants with a timing restriction.

Subject to time restrictions:	
2022 Support	\$ 260,000
2023 Support	75,000
2024 Support	<u>25,000</u>
Total net assets with donor restrictions	\$ <u>360,000</u>

ALLIANCE FOR CONTRACEPTION IN CATS AND DOGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2021

NOTE F – DONATED ASSETS AND SERVICES

The Organization receives donated services from a variety of unpaid volunteers assisting in the programs it offers. No amounts have been recognized in the accompanying Statement of Activities because the criteria for recognition of such volunteer effort under generally accepted accounting principles have not been satisfied.

NOTE G – CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to credit risk consist principally of cash. The Organization places its cash with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2021 the Organization's cash on deposit in excess of insured amounts was approximately \$42,800. Cash equivalents also include money market mutual fund held at a brokerage. These financial instruments may subject the Organization to concentrations of credit risk. No brokerage deposits in excess of Securities Investor Protection Corporation (SIPC) insurance exist as of December 31, 2021.

NOTE H – RETIREMENT PLAN

The Organization provides retirement benefits to its employees through a Defined Contribution Plan covering all qualified employees. The Organization matches contributions up to 4% of gross wages. Contributions to the Plan during the year ended December 31, 2021 aggregated \$8,496.

NOTE I – RELATED PARTY TRANSACTIONS

The Organization currently employs an individual who is also a member of the Board. This individual received \$119,766 of compensation in the capacity of President of the Organization during 2021.

NOTE J – PAYCHECK PROTECTION PROGRAM GRANT

In response to the global economic impact caused by the coronavirus pandemic, the US Small Business Administration (SBA) created the Paycheck Protection Program (PPP) "forgivable loan" to assist nonprofit organizations and for-profit enterprises with eligible payroll and certain specified operating costs. While originally structured as a loans, in substance these funds were conditional grants under ASC 958-605. The Organization qualified for a PPP loan totaling \$38,287 in 2020 and a second loan totaling \$40,107 in 2021. Both loans were forgiven during 2021 and the total \$78,394 in forgiveness has been recognized as revenue during the year ended December 31, 2021.

ALLIANCE FOR CONTRACEPTION IN CATS AND DOGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2021

NOTE K – LIQUIDITY

The following chart represents the Organization's financial assets available to meet cash needs for general expenditures within one year of December 31, 2021:

Financial assets at year-end	
Cash and cash equivalents	\$ 710,334
Grants and contributions receivable	190,000
Investments	151,707
Total financial assets	<u>1,052,041</u>
Less those unavailable for general expenditure within one year, due to:	
Contractual or donor-imposed restrictions:	
Subject to timing restrictions - 2023 and 2024 support	<u>(100,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 952,041</u>

As part of its liquidity management, the Organization's policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Organization invests cash in excess of current requirements in short-term investments.

NOTE L – UNCERTAINTY

In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic, which necessitated that many employees work from home and required the use of social distancing measures when interacting with each other, vendors and participants. The significance and the duration of the pandemic's financial impact are indeterminable. Estimates of the possible scope and trajectory of the COVID-19 pandemic remain highly uncertain at this time, making it exceedingly difficult to quantify the potential impacts to the Organization. At the present time, the ultimate future effects of these issues are unknown and these financial statements do not consider the potential future impacts of the COVID-19 pandemic.

NOTE M – SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 17, 2022 which is the date the financial statements were available to be issued.