PERFORMING ANIMAL WELFARE SOCIETY

Financial Statements

Years Ended
December 31, 2021 and 2020

McCurry & White LLP
Certified Public Accountants
The Fountains
3031 West March Lane, Suite 205 West
Stockton, California 95219

PERFORMING ANIMAL WELFARE SOCIETY
Financial Statements
Years Ended December 31, 2021 and 2020

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McCurry & White LLP
Certified Public Accountants

Richard L. McCurry
John H. White

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Performing Animal Welfare Society
Galt, California

We have audited the accompanying financial statements of Performing Animal Welfare Society (PAWS) (a California nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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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Board of Directors
Performing Animal Welfare Society
Galt, California

INDEPENDENT AUDITOR'S REPORT (Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PAWS as of December 31, 2021 and 2020, 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.

Other Matter

Supplementary Information -

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying information on page 22 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounts and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Stockton, California
April 4, 2022

PERFORMING ANIMAL WELFARE SOCIETY

Statements of Financial Position

	December 31, 2021	December 31, 2020
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 2,172,903	$ 1,993,632
Investment Income Receivable	10,602	16,033
Investments – Current (Note 9, Page 16)	2,100,000	2,650,000
Prepaid Expenses	145,117	134,885
Total Current Assets	4,428,622	4,794,550
OTHER ASSETS:		
Endowments –		
Donor-Restricted (Note 12, Page 19)	27,181	27,181
Board-Designated (Note 12, Pages 19 - 20)	592,424	509,776
Property and Equipment – Net (Note 3, Page 12)	5,804,120	6,265,362
Construction in Progress (Note 4, Page 12)	53,220	23,006
Investments – Long-Term (Note 9, Page 16)	15,799,800	9,608,208
Property Held for Sale (Note 5, Page 13)	10,660	10,660
Bequests Receivable (Note 6, Page 13)	799,000	3,223,300
Deposits	4,613	4,638
Total Other Assets	23,091,018	19,672,131
TOTAL ASSETS	$ 27,519,640	$ 24,466,681
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts Payable	$ 66,284	$ 94,358
Accrued Payroll	41,103	35,149
Total Current Liabilities	107,387	129,507
NET ASSETS (Note 10, Pages 17 - 18):		
Without Donor Restrictions -		
Undesignated	26,879,960	23,800,217
Board-Designated Quasi-Endowment (Note 12, Pages 19 – 20)	505,112	509,776
	27,385,072	24,309,993
With Donor Restrictions -		
Donor-Restricted Endowment (Note 12, Page 19)	27,181	27,181
Total Net Assets	27,412,253	24,337,174
TOTAL LIABILITIES AND NET ASSETS	$ 27,519,640	$ 24,466,681

SEE ACCOMPANYING NOTES.

PERFORMING ANIMAL WELFARE SOCIETY

Statements of Activities

	Year Ended December 31, 2021		
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
SUPPORT AND REVENUE:			
Contributions	$ 1,407,122	$ 1,850	$ 1,408,972
Legacies and Bequests	2,214,554	-0-	2,214,554
Advocacy Campaign	15,000	-0-	15,000
Affiliate Program	15,457	-0-	15,457
Noncash Contributions	18,278	-0-	18,278
Events and Conferences	(2,450)	-0-	(2,450)
Pledge Program	112,135	-0-	112,135
Grants	1,164,613	13,000	1,177,613
Memorials	53,465	-0-	53,465
Adoptions	47,910	-0-	47,910
Educational Materials	123	-0-	123
Miscellaneous	6,204	-0-	6,204
Total Revenue, Gains, and Other Support	5,052,411	14,850	5,067,261
OTHER REVENUES (LOSSES):			
Investment Gains (Losses) (Note 9, Page 15)	1,884,477	-0-	1,884,477
Stock Donations	164,895	-0-	164,895
Gain (Loss) on Asset Disposals	(621)	-0-	(621)
Reclassifications	14,850	(14,850)	-0-
Total Support, Revenue, and Reclassifications	7,116,012	-0-	7,116,012
EXPENSES:			
Direct Program Services	3,504,178	-0-	3,504,178
Supporting Services:			
Management	456,000	-0-	456,000
Fundraising	80,755	-0-	80,755
Total Supporting Services	536,755	-0-	536,755
Total Expenses	4,040,933	-0-	4,040,933
CHANGE IN NET ASSETS	3,075,079	-0-	3,075,079
NET ASSETS (Note 10, Page 17):			
Beginning of Year	24,309,993	27,181	24,337,174
End of Year	$ 27,385,072	$ 27,181	$ 27,412,253

SEE ACCOMPANYING NOTES.

	Year Ended December 31, 2020		
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
SUPPORT AND REVENUE:			
Contributions	$ 1,072,446	$ -0-	$ 1,072,446
Legacies and Bequests	4,305,605	-0-	4,305,605
Advocacy Campaign	-0-	-0-	-0-
Affiliate Program	12,059	-0-	12,059
Noncash Contributions	33,412	-0-	33,412
Events and Conferences	18,020	-0-	18,020
Pledge Program	105,744	-0-	105,744
Grants	475,629	30,000	505,629
Memorials	17,743	-0-	17,743
Adoptions	39,645	-0-	39,645
Educational Materials	1,101	-0-	1,101
Miscellaneous	4,823	-0-	4,823
Total Revenue, Gains, and Other Support	6,086,227	30,000	6,116,227
OTHER REVENUES (LOSSES):			
Investment Gains (Losses) (Note 9, Page 15)	1,277,959	-0-	1,277,959
Stock Donations	161,748	-0-	161,748
Gain (Loss) on Asset Disposals	-0-	-0-	-0-
Reclassifications	30,000	(30,000)	-0-
Total Support, Revenue, and Reclassifications	7,555,934	-0-	7,555,934
EXPENSES:			
Direct Program Services	3,087,244	-0-	3,087,244
Supporting Services:			
Management	456,154	-0-	456,154
Fundraising	110,863	-0-	110,863
Total Supporting Services	567,017	-0-	567,017
Total Expenses	3,654,261	-0-	3,654,261
CHANGE IN NET ASSETS	3,901,673	-0-	3,901,673
NET ASSETS (Note 10, Page 17):			
Beginning of Year	20,408,320	27,181	20,435,501
End of Year	$ 24,309,993	$ 27,181	$ 24,337,174

PERFORMING ANIMAL WELFARE SOCIETY
Statements of Functional Expenses

	Year Ended December 31, 2021				
	Program Services	Supporting Services: Management	Supporting Services: Fundraising	Supporting Services: Subtotal	Total Expenses
Salaries and Wages	$ 1,371,516	$ 143,691	$ 8,373	$ 152,064	$ 1,523,580
Payroll Taxes	111,208	12,495	1,250	13,745	124,953
Workers' Compensation	68,359	5,493	2,441	7,934	76,293
Total Compensation	1,551,083	161,679	12,064	173,743	1,724,826
Animal Sanctuary Costs	588,896	-0-	-0-	-0-	588,896
Professional Services	-0-	180,129	-0-	180,129	180,129
Operating Supplies	65,369	18,458	3,330	21,788	87,157
Purchased and Rental Services	342,824	50,126	52,670	102,796	445,620
Occupancy and Utilities	397,966	14,878	777	15,655	413,621
Other Expenses	7,803	7,562	6,122	13,684	21,487
	2,953,941	432,832	74,963	507,795	3,461,736
Depreciation	550,237	23,168	5,792	28,960	579,197
Total Functional Expenses	$ 3,504,178	$ 456,000	$ 80,755	$ 536,755	$ 4,040,933

	Year Ended December 31, 2020				
	Program Services	Supporting Services: Management	Supporting Services: Fundraising	Supporting Services: Subtotal	Total Expenses
Salaries and Wages	$ 1,209,198	$ 105,301	$ 30,647	$ 135,948	$ 1,345,146
Payroll Taxes	104,360	11,726	1,173	12,899	117,259
Workers' Compensation	41,576	3,341	1,485	4,826	46,402
Total Compensation	1,355,134	120,368	33,305	153,673	1,508,807
Animal Sanctuary Costs	543,638	-0-	-0-	-0-	543,638
Professional Services	-0-	227,599	-0-	227,599	227,599
Operating Supplies	41,857	15,780	4,438	20,218	62,075
Purchased and Rental Services	272,224	48,152	49,423	97,575	369,799
Occupancy and Utilities	322,182	14,281	838	15,119	337,301
Other Expenses	5,617	6,960	17,105	24,065	29,682
	2,540,652	433,140	105,109	538,249	3,078,901
Depreciation	546,592	23,014	5,754	28,768	575,360
Total Functional Expenses	$ 3,087,244	$ 456,154	$ 110,863	$ 567,017	$ 3,654,261

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Such expenses require allocation on a reasonable basis, consistently applied. Allocated expenses include depreciation, directly related to the varied usage of property and equipment within PAWS operations, occupancy and utilities, expensed directly to operations, and salaries and benefits, expensed to program and supporting services on the basis of estimates of personnel time and effort.

SEE ACCOMPANYING NOTES.

PERFORMING ANIMAL WELFARE SOCIETY

Statements of Cash Flows

		Years Ended December 31,	
		2021	2020
OPERATING ACTIVITIES:			
Change in Net Assets		$ 3,075,079	$ 3,901,673
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by (Used in) Operating Activities –			
Depreciation and Amortization		579,197	575,360
Net Realized and Unrealized (Gains) Losses:			
Undesignated Investments		(1,118,677)	(911,966)
Board-Designated Quasi-Endowment Investments		(79,553)	(3,276)
Contributions in Kind		(28,278)	(34,067)
Receipt of Contributed Securities		(164,895)	(161,748)
Receipt of Bequested Securities		(2,109,663)	-0-
(Increase) Decrease in:			
Bequests Receivable		2,424,300	(2,686,650)
Investment Income Receivable		5,431	7,825
Prepaid Expenses		(10,206)	(30,745)
Increase (Decrease) in:			
Accounts Payable and Accrued Payroll		(22,119)	(5,411)
Net Cash Provided by Operating Activities		2,550,616	650,995
INVESTING ACTIVITIES:			
Proceeds from Sales of Undesignated Investments		4,494,312	4,700,503
Acquisitions of Undesignated Investments		(6,715,122)	(4,159,298)
Acquisitions of Board-Designated Quasi-Endowment Investments		-0-	(506,500)
Cash Expended for Construction in Progress		(30,214)	(23,006)
Cash Expended for Property and Equipment		(120,321)	(91,079))
Net Cash Used in Investing Activities		(2,371,345)	(1,643,967)
FINANCING ACTIVITIES:			
Net Cash Released from Restrictions		-0-	-0-
Net Cash Provided by (Used in) Financing Activities		-0-	-0-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		179,271	571,615
CASH AND CASH EQUIVALENTS:			
Beginning of Year		1,993,632	1,422,017
End of Year		$ 2,172,903	$ 1,993,632

SEE ACCOMPANYING NOTES.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -

This summary of significant accounting policies of Performing Animal Welfare Society (PAWS) is presented to assist in understanding PAWS' financial statements. The financial statements and notes are representations of PAWS' management, who is responsible for their integrity and objectivity.

Nature of Activities:

PAWS provides sanctuary to retired, abused, and abandoned wild animals and is actively involved in educating the public and the media regarding the problems associated with the trade in captive wildlife. PAWS is headquartered in Galt, California, and maintains sanctuaries in Galt, Herald, and San Andreas, California.

Basis of Presentation:

Changes in Accounting Principle -

Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*:

Under the above standard, revenue is recognized when a customer or client obtains control of promised goods or services in an amount that reflects the consideration an entity expects to receive in exchange for those goods or services. The standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. In June 2020, FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, addressing an additional extension of the required effective date for ASU No. 2014-09, for private, not-for-profit entities to years beginning after 2021. Accordingly, implications or effects on PAWS current revenue recognition and contract accounting and disclosure standards have not been incorporated in the financial statements for the years ended December 31, 2021 and 2020, as of their issuance dates.

FASB Accounting Standards Update ASU No. 2016-02, *Leases (Topic 842)*:

The above standard relates to classifying and capitalizing long-term leases as either *financing* or *operating* in nature, mandating the prescribed mode of presentation of such leases to users of lessee- and lessor-issued financial statements. In June 2020, FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, addressing an additional extension of the required effective date for ASU No. 2016-2, for private, nonprofit entities, to defer implementation to years after 2021. Accordingly, implications or effects on PAWS current lease accounting and disclosure standards have not been incorporated in the financial statements for the years ended December 31, 2021 and 2020, as of their issuance dates.

With respect to prospective implementation of the new ASUs for revenue recognition and lease accounting treatment, annually Management will consider and weigh the relative materiality of adjustments for contractual revenue recognition, as well as lease accounting, in presenting its financial statements under the new standards.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) -

Basis of Presentation (Continued):

Changes in Accounting Principle (Continued)-

AICPA Statement on Auditing Standards (SAS) No. 134, *Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements*:

Supersedes and replaces *Forming an Opinion and Reporting on Financial Statements*; *Modifications to the Opinion in the Independent Auditor's Report*; and *Emphasis-of-Matter Paragraphs and Other-Matter Paragraphs in the Independent Auditor's Report*. Adds *Communicating Key Audit Matters in the Independent Auditor's Reports*. Accompanied by a suite of related SAS's, all of these will be in effect in 2020, to the extent applicable to specific organizations. The AICPA encourages financial statement auditors to implement provisions of all relevant SASs in one year, if practical. Others in the Suite include –

No. 135, *Omnibus Statement on Auditing Standards – 2019*:

Amends 13 sections of Statements on Auditing Standards, including – *Terms of Engagement; Consideration of Fraud in a Financial Statement Audit*; *The Auditor's Communication With Those Charged With Governance*; *Communicating Internal Control Deficiencies Identified in an Audit*; *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*; *Performing Audit Procedures in Response to Assessed Risk and Evaluating the Audit Evidence Obtained*; *Opening Balances – Initial Audit Engagements, Including Re-audit Engagements*; *Related Parties; Subsequent Events and Subsequently Discovered Facts*; *Written Representations*; *Special Considerations- Audits of Group Financial Statements (Including the Work of Component Auditors)*; *Interim Financial Information; and An Audit of Internal Control Over Financial Reporting That is Integrated With an Audit of Financial Statement*.

No. 137, *The Auditor's Responsibilities Relating to Other Information Included in Annual Reports*:

Supersedes *Other Information in Documents Containing Audited Financial Statements*. This standard clarifies what other information is within the scope of the auditor's procedures.

No. 138, *Amendments to the Description of the Concept of Materiality*:

Eliminates inconsistencies between the description of materiality in the AICPA Professional Standards and the description of materiality used by the U.S. judicial system and other U.S. standard setters and regulators, such as FASB and PCAOB.

No. 139, *Amendments to AU-C Sections 800, 805, and 810 to Incorporate Auditor Reporting Changes from SAS No. 134*:

See above SAS No. 134.

No. 140, *Amendments to AU-C Sections 725, 730, 930, 935, and 940 to Incorporate Auditor Reporting Changes from SAS Nos. 134 and 137*:

See above SAS Nos. 134 and 137.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) -

Basis of Presentation (Continued):

Changes in Accounting Principle (Continued)-

Nos. 141, 142, 143 *Amendments to Effective Dates of SAS Nos. 134-140, Audit Evidence, and Auditing Accounting Estimates and Related Disclosures,* respectively:

Comprising a portion of the new Suite of SAS's needing to be implemented for 2022.

Reclassifications:

Certain amounts presented in the financial statements for the year ended December 31, 2020, have been reclassified so as to better conform to the presentation adopted for the year ended December 31, 2021.

Estimates:

PAWS management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstance; however, actual results could differ from those estimates.

Income Taxes:

Incorporated in California on March 7, 1986, PAWS is a not-for-profit organization exempt from federal income taxes under Internal Revenue Code section 501 (c) (3), and exempt from California income taxes under R & TC section 23701d. PAWS qualifies as a California public benefit corporation and does not operate as a private foundation.

PAWS recognizes tax benefits from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the that position's technical merits. Tax positions include the tax-exempt status of PAWS and various positions related to the potential sources of unrelated business taxable income. PAWS' management has analyzed its tax positions taken for filings with the Internal Revenue Service and the state of California. PAWS' management believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on PAWS' financial condition, results of operations, or cash flows. Accordingly, PAWS has not recorded any tax assets or liabilities, or related accruals for interest and penalties, for uncertain income tax positions at December 31, 2021 or 2020. PAWS' federal exempt information Forms 990 for the years ended December 31, 2018, 2019, 2020, and 2021remain subject to Internal Revenue Service examination. The California Franchise Tax Board has a four-year statute of limitations, back to the year ended December 31, 2017.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) -

Cash and Cash Equivalents:

For purposes of the statements of cash flows, PAWS management considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents, unless such investments are held in order to meet restrictions concerning purchases of property and equipment, payments of long-term debt, or endowment purposes.

Expense Allocation:

Costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Investments:

PAWS carries investments in equity securities with readily determinable fair values and all investments in debt securities at fair value in the statements of financial position. Unrealized gains and losses are included in changes in net assets in the accompanying statements of activities.

Investment Income and Gains:

Investment income and gains restricted by donors are reported as increases in net assets with donor restrictions if the restrictions are met, whereby a stipulated time period has ended or a purpose restriction is accomplished, in the reporting period in which the income and gains are recognized.

Promises to Give:

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Donated Assets:

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

Donated Services:

No amounts have been reflected in the financial statements for donated services. PAWS generally pays for services requiring specific expertise. However, individuals may, from time to time, volunteer their time and talents to PAWS, committing unquantifiable resources to its ongoing and periodic programs, animal campaign solicitations, and various committee assignments.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) -

Property and Equipment:

Property and equipment are stated at cost or fair value at date of donation. Depreciation is provided using the straight-line method over the useful lives of the assets as follows:

Office Equipment	5 to 7 years
Vehicles and Transportation Equipment	5 years
Buildings and Improvements	15 to 31.5 years
Furniture and Fixtures	5 to 10 years
Machinery and Equipment	5 to 20 years

Additions and betterments of $1,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Donations of property and equipment to PAWS are recorded as contributions at their estimated fair value at the date of the donation. Assets donated with donor stipulations regarding their use, as well as contributions of cash that must be used to acquire property and equipment, are reported as increases in net assets with donor restrictions.

Property and equipment are reviewed for impairment if the use of these assets significantly changes or another indicator of possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value.

Inventories and Operating Supplies:

Consumable operating supplies, as well as retail and non-retail promotional items, are stated at the lower of cost or market, determined by the first-in, first-out method.

NOTE 2: FINANCIAL INSTRUMENTS -

Concentrations arising from Cash Deposits in Excess of Insured Limits:

Banks –

Among bank demand deposits held at a number of different financial institutions, PAWS maintains accounts with one regional bank operating in the San Joaquin Valley and local foothill area. Collectively, balances held by this bank are insured by the Federal Deposit Insurance Corporation (FDIC) for up to $250,000. At December 31, 2021 and 2020, PAWS held no such uninsured account balances. Bank balances held with the primary custodial brokerage are managed so as to keep the various savings accounts below the above-noted $250,000 threshold.

NOTE 2: FINANCIAL INSTRUMENTS (Continued) -

Concentrations arising from Cash Deposits in Excess of Insured Limits (Continued):

Brokerages –

The U.S. Department of the Treasury created a money market fund insurance program in 2008. Participating funds paid premiums to the Treasury Department, and investors were then assured of insurance payouts on losses occurring when such pooled funds broke below the level of $1.00 net asset value per share. However, in 2009, the Treasury Department discontinued this insurance program. Consequently, neither the federal government nor any other agency offers principal protection or insurance on money market funds.

In compensation, United States brokerage firms invariably belong to the Securities Investor Protection Corporation (SIPC). SIPC insures assets held by member firms for up to $500,000 per investor, per firm, relating to a brokerage firm becoming insolvent. Created under federal law, SIPC is not, in itself a governmental agency, instead constituting a nonprofit organization funded by its broker-dealer members. SIPC does not insure losses caused by money market cash equivalents falling below $1.00 per share, arising, for example, from an incidence of severe and major declines in the values of the underlying mutual fund investment pool. At December 31, 2021 and 2020, consistent with its policy, PAWS holds minimal amounts of money market funds.

NOTE 3: PROPERTY AND EQUIPMENT - NET -

Property and equipment consist of the following:

	December 31,	
	2021	2020
Land	$ 1,777,169	$ 1,777,169
Buildings and Structural Components	10,055,997	10,055,997
Equipment	1,141,845	1,304,397
Furnishings	32,328	54,733
Vehicles	162,467	131,831
	13,169,806	13,324,127
Less: Accumulated Depreciation	(7,365,686)	(7,058,765)
Book Value	$ 5,804,120	$ 6,265,362

NOTE 4: CONSTRUCTION IN PROGRESS -

In the Year 2000, PAWS began planning construction of ARK 2000, a free-roam animal sanctuary for hundreds of animals on a 2,300-acre facility, located near San Andreas in Calaveras County. Construction in progress includes continued and ongoing expansion costs of the facilities. Such capitalized costs were $53,220 and $23,006 at December 31, 2021 and 2020, respectively.

NOTE 5: PROPERTY HELD FOR SALE -

The above is comprised of unappraised, donated jewelry and other noncash property, available for sale at auction.

NOTE 6: BEQUESTS RECEIVABLE -

Bequests receivable are promises to give as of December 31, 2021 and 2020. Such receivables reside in trusts and estates not yet distributed, or in wills contested by alternate beneficiaries. PAWS has not recorded any impairment of these receivables, as all accounts have been determined to be collectible.

NOTE 7: LEASES -

Sale-Leaseback:

In February 2004, PAWS sold its 30-acre sanctuary property located in Galt. Simultaneously, PAWS entered into a 10-year lease with the new owner, so as to continue operating a sanctuary on the property. In March 2014, the original 10-year lease expired and, subsequently, PAWS continued to rent the property on a month-to-month basis, at the rate of $3,000 per month, plus utilities. PAWS' lease includes the underlying land, as well as the building, animal enclosures, and other equipment housed on the property. The lease can be terminated by either party, with 30 days written notice.

Non-Cancelable Operating Leases:

PAWS has several noncancelable operating leases of equipment, as set forth below, expiring at various future dates.

Copiers -

Galt Office:

As part of the Galt Office operations, PAWS began a noncancelable 60-month operating lease of a Xerox 7845i High-Capacity copier beginning in June 2017, calling for monthly payments of $335.94, expiring in May 2022. PAWS is obligated to pay all executory costs, including taxes, maintenance, and insurance associated with this equipment. Annual rental expense for this copier for the years ended December 31, 2021 and 2020 was $4,031 for each year. PAWS has an option at the end of the lease term to purchase the copier from the lessor at its then fair market value or, alternatively, to return it to the lessor in good condition. PAWS written intent to purchase the copier, or to return it, must be communicated to the lessor by no later than 90 days before the lease term's expiration – otherwise, the lease will automatically renew for an additional 12-month period, from the lease's expiration, and then on a month-to-month basis thereafter, until the purchase option is exercised or the copier is returned to the lessor.

NOTE 7: LEASES (Continued) -

Non-Cancelable Operating Leases (Continued):

PAWS has several noncancelable operating leases of equipment, as set forth below, expiring at various future dates (Continued).

Copiers (Continued) -

San Andreas Sanctuary Office:

As part of the San Andreas Office operations, PAWS began a noncancelable 60-month operating lease of a Xerox Altalink C8045 copier beginning in October 2019, calling for monthly payments of $292.00, expiring in September 2024. Monthly payments encompass the right to transact up to 1,000 black-and-white and 500 color copies per month. Monthly copies exceeding those thresholds are assessed an additional per-copy charge of $.012 and $.075 for black-and-white and color prints, respectively. PAWS is obligated to pay all executory costs, including taxes, maintenance, and insurance associated with this equipment. Rental expense for this copier for the years ended December 31, 2021 and 2020, was $3,504 for each year. Upon the expiration of this lease's 60-month term, it will automatically renew for an additional year, unless the lessor has been given written notice by PAWS, at least 60, but no earlier than 120, days before the end of the lease, that it is PAWS' intention to return the copier to the lessor in good condition.

Minimum lease payments under operating leases with remaining terms in excess of one year as of December 31, 2021, are:

Years Ending December 31:

2022	$ 5,184
2023	3,504
2024	2,628
2025	-0-
	$ 11,316

NOTE 8: OTHER DONATIONS -

Contributed assets are recorded at fair market value when PAWS obtains possession of the asset or an unconditional promise to give is made. During the years ended December 31, 2021 and 2020, PAWS received the following noncash assets or services:

	December 31, 2021	December 31, 2020
Food and Medicine for Animals	$ 8,385	$ 19,118
Marketable Securities	164,895	161,748
Vehicles	4,735	11,225
Animal Shelter Supplies and Maintenance	3,997	2,124
Educational Materials	1,160	597
Office Supplies and Maintenance	-0-	350
	$ 183,172	$ 195,162

NOTE 9: INVESTMENTS –

Investment gains and (losses) are as follows:

	Years Ended December 31, 2021	Years Ended December 31, 2020
Investment Income	$ 765,800	$ 365,993
Net Realized Gains (Losses)	(23,947)	(63,151)
Net Unrealized Gains (Losses)	1,142,624	975,117
Total Investment Gain (Loss)	$ 1,884,477	$ 1,277,959
Net Assets without Donor Restrictions	$ 1,884,477	$ 1,277,959
Net Assets with Donor Restrictions	-0-	-0-
Total Investment Gain (Loss)	$ 1,884,477	$ 1,277,959

NOTE 9: INVESTMENTS (Continued) –

Investments are stated at fair value, comprised of the following:

	December 31, 2021	December 31, 2020
Current -		
Equity Securities	$ -0-	$ -0-
Mutual Funds	-0-	-0-
Certificates of Deposit	2,100,000	2,650,000
Exchange-Traded Investments	-0-	-0-
Alternative Investments	-0-	-0-
Total Short-Term Investments	2,100,000	2,650,000
Long-Term -		
Equity Securities	1,722,207	1,199,369
Mutual Funds	9,957,909	5,525,348
Certificates of Deposit	1,200,000	2,600,000
Exchange-Traded Investments	2,915,706	237,236
Alternative Investments	3,978	46,255
Total Long-Term Investments	15,799,800	9,608,208
Total -		
Equity Securities	1,722,207	1,199,369
Mutual Funds	9,957,909	5,525,348
Certificates of Deposit	3,300,000	5,250,000
Exchange-Traded Investments	2,915,706	237,236
Alternative Investments	3,978	46,255
Total Investments	$17,899,800	$ 12,258,208

Investment classifications are characterized by: Level 1 - Quoted prices in active markets for identical assets or liabilities; Level 2 - Significant other observable inputs; or Level 3 - Significant unobservable inputs. Portfolio investments under Management's control are available for sale at Management's discretion, and included entirely as Level 1 investments for purposes of these financial statements.

NOTE 9: INVESTMENTS (Continued) –

Carrying values of investments are:

	December 31, 2021	December 31, 2020
Equity Securities	$ 904,264	$ 786,152
Mutual Funds	8,739,207	4,702,579
Certificates of Deposit	3,300,000	5,250,000
Exchange-Traded Investments	2,673,728	223,667
Alternative Investments	5,114	56,818
Total Carrying Value	$ 15,622,313	$ 11,019,216

NOTE 10: NET ASSETS -

The following summarizes activity in net asset components:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Ending Balance – 12/31/2019	$20,408,320	$ 27,181	$20,435,501
Support and Revenue	6,086,227	-0-	6,086,227
Donations with Donor Restrictions	-0-	30,000	30,000
Investment Income (Loss)	1,277,959	-0-	1,277,959
Stock Donations	161,748	-0-	161,748
Reclassifications	30,000	(30,000)	-0-
Expenses	(3,654,261)	-0-	(3,654,261)
Change in Net Assets	3,901,673	-0-	3,901,673
Ending Balance – 12/31/2020	$24,309,993	$ 27,181	$24,337,174
Support and Revenue	5,052,411	-0-	5,052,411
Donations with Donor Restrictions	-0-	14,850	14,850
Investment Income (Loss)	1,884,477	-0-	1,884,477
Stock Donations	164,895	-0-	164,895
Reclassifications	14,850	(14,850)	-0-
Expenses	(4,041,554)	-0-	(4,041,554)
Change in Net Assets	3,075,079	-0-	3,075,079
Ending Balance – 12/31/2021	$27,385,072	$ 27,181	$27,412,253

NOTE 10: NET ASSETS (Continued) -

For the years ended December 31, 2021 and 2020, contributions in the amounts of $1,850 and $-0-, respectively, were temporarily restricted for specific purposes. For the years ended December 31, 2021 and 2020, grants in the amounts of $13,000 and $30,000, respectively, were temporarily restricted for specific purposes. It is Management's policy to not carry over immaterial, temporary restrictions of its net assets, from year to year.

NOTE 11: LIQUIDITY –

The following reflects PAWS' financial assets as of the dates of the statements of position, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the dates of the statements of position.

	December 31, 2021	December 31, 2020
Financial Assets at Year-End:		
Cash and Cash Equivalents	$ 2,172,903	$ 1,993,632
Investment Income Receivable	10,602	16,033
Undesignated Investments	17,899,800	12,258,208
Board-Designated Quasi-Endowment Investments	592,424	509,776
Donor-Restricted Endowment Investments	27,181	27,181
Bequests Receivable	799,000	3,223,300
	21,501,910	18,028,130
Less: Permanently Restricted Endowment Cash and Investments	(27,181)	(27,181)
Financial Assets available to meet Cash Needs for General Expenditures within One Year	$ 21,474,729	$ 18,000,959

A *financial asset* is a non-physical asset whose value is derived from a contractual claim, such as bank deposits, bonds, and stocks. *Financial assets* are convertible to cash on a fairly easy basis, like cash, receivables, and investments, but do not include assets like prepaid expenses, inventories, and fixed assets. *General expenditures* commit financial assets to core, day-to-day operating costs of PAWS. Sufficient *financial assets* were available within one year of the statements of financial position as of December 31, 2021 and 2020, to meet *general expenditures*. PAWS' policy is to structure its *financial assets* so as to make them available as *general expenditures,* liabilities, and other obligations come due.

As part of PAWS liquidity management, cash exceeding short- or long-term requirements may be invested in publicly-traded mutual funds, equity and debt securities, financial institutions' layered certificates of deposit, and U.S. Treasuries, in accordance with PAWS investment policies, as applicable.

NOTE 12: ENDOWMENT FUNDS -

As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the PAWS Board of Directors to function as quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

PAWS Endowment Funds are comprised of the following:

Donor-Restricted Endowment -

A donor-restricted gift was established in the name of the Patricia A. Tabor Endowment Fund. Income earned on the gift principal is to be used exclusively in support of the elephant sanctuary, with the original gift to be retained as endowment principal in perpetuity.

Activity relating to this permanently restricted Endowment Fund was as follows -

	December 31, 2021	December 31, 2020
Cash and Cash Equivalents	$ 1,204	$ 5,005
Investments	27,365	27,953
Donor-Restricted Net Assets – Beginning of Year	28,569	32,958
Investment Income	1,784	1,311
Valuation Increase (Decrease)	2,819	2,467
Amounts Appropriated for Expenditure	(5,991)	(9,555)
Donor-Restricted Net Assets – End of Year	$ 27,181	$ 27,181

Board-Designated Quasi-Endowment -

During the year beginning January 1, 2020, the Board of Directors designated and characterized a total of $505,112 of net assets without donor restrictions as a general endowment to support PAWS enterprises on a long-term basis. This internal designation is not donor-restricted, instead being classified and reported as net assets without donor restrictions.

The intent of the Board of Directors as of the issuance date of these financial statements is to maintain the original designation as if it were permanently restricted, and to use investment earnings on this amount as available for operations. Management's investment policies with respect to the underlying securities and mutual funds associated with the designation will be incorporated into ongoing investment policies, already operative and effective.

NOTE 12: ENDOWMENT FUNDS (Continued)-

PAWS Endowment Funds are comprised of the following (Continued):

Board-Designated Quasi-Endowment (Continued) -

Activity relating to the Board-Designated Quasi-Endowment Fund was as follows -

	December 31, 2021	December 31, 2020
Cash and Cash Equivalents	$ 19,782	$ -0-
Investments	489,994	-0-
Board-Designated Net Assets – Beginning of Year	509,776	-0-
Transfer from Unrestricted Net Assets		-0-
to Invest in Marketable Equity Securities	-0-	506,500
Investment Income	24,041	19,782
Valuation Increase (Decrease)	58,607	(16,506)
	592,424	509,776
Amounts Appropriated for Expenditure	(87,312)	-0-
Board-Designated Net Assets – End of Year	$ 505,112	$ 509,776

NOTE 13: SUBSEQUENT EVENTS -

Management has evaluated subsequent events through the date the financial statements were available to be issued, which was April 4, 2022.

Beginning in March 2020, COVID-19 spread rapidly as a Pandemic, reaching into various global sectors, including the United States. Nations, states, counties, cities, and other geographical regions mandated and imposed a variety of quarantine protocols and shut-down orders on population centers. Such actions exerted unprecedented curtailment in the conduct of certain businesses - affecting their consumer bases - as well as on the industries of which they were members. On a nation-wide basis, federal, state, and local governments, as well as a host of health authorities, continue to enact varied and sporadic, on-again, off-again, degrees of shelter-down or shut-down orders, but, overall, such actions appear to be winding down in the face of less-severe Pandemic effects.

PAWS management believes there is no imminent or long-term threat, from the above, to PAWS continuing to operate. Its supply chain has remained intact, with local and regional suppliers on solid footings. The animals continue to have plenty of food, including that with which to forage, along with water availability and the utilities to support the preceding. Management works closely with the United States Department of Agriculture (USDA) on any matters of concern.

NOTE 13: SUBSEQUENT EVENTS (Continued) -

As of the issuance and availability dates of these financial statements, PAWS management is unable to estimate or quantify the range and scope of long-term financial losses that may possibly be sustained by the organization, due to indirect, short- and long-term economic effects arising from the subject parties' previous handling of the Pandemic.

In management's opinion, PAWS financial and cash positions are more than adequate to meet any new and emerging costs arising from the pandemic, and its donor base commitment continues to appear quite stable.

SUPPLEMENTARY INFORMATION

PERFORMING ANIMAL WELFARE SOCIETY
Detailed Schedules of Functional Expenses

	Year Ended December 31, 2021				
	Program	Supporting Services			Total
	Services	Management	Fundraising	Subtotal	Expenses
Salaries and Wages	$ 1,312,722	$ 140,425	$ 5,106	$ 145,531	$ 1,458,253
Compensation – Directors	58,794	3,266	3,267	6,533	65,327
Total Salaries and Wages	1,371,516	143,691	8,373	152,064	1,523,580
Payroll Taxes	111,208	12,495	1,250	13,745	124,953
Worker's Compensation	68,359	5,493	2,441	7,934	76,293
Total Compensation	1,551,083	161,679	12,064	173,743	1,724,826
Animal Feed and Supplies	195,347	-0-	-0-	-0-	195,347
Animal Shelter Supplies	40,325	-0-	-0-	-0-	40,325
Audit and Accounting Fees	-0-	122,500	-0-	122,500	122,500
Bank and Credit Card Costs	9,392	4,695	1,565	6,260	15,652
Behavioral Analysis	1,414	-0-	-0-	-0-	1,414
Crane Services	3,420	-0-	-0-	-0-	3,420
Consultants	74,383	24,544	23,792	48,336	122,719
Donor Relations	-0-	-0-	-0-	-0-	-0-
Educational Promotion	25,865	-0-	-0-	-0-	25,865
Equipment Rental	412	10,283	-0-	10,283	10,695
Fire Suppression	28,108	3,123	-0-	3,123	31,231
Fuel and Oil	23,643	2,627	-0-	2,627	26,270
Human Resources	-0-	6,620	-0-	6,620	6,620
Insurance	187,544	2,589	2,946	5,535	193,079
Legal Fees	-0-	51,008	-0-	51,008	51,008
Licenses and Permits	7,803	7,562	5,298	12,860	20,663
Mailing List and Services	4,061	-0-	2,186	2,186	6,247
Meeting Expenses	848	-0-	-0-	-0-	848
Office Supplies	3,372	14,998	-0-	14,998	18,370
Postage and Shipping	12,489	833	3,330	4,163	16,652
Printing and Publications	24,768	-0-	13,337	13,337	38,105
Property Taxes	20,745	-0-	-0-	-0-	20,745
Rent	29,455	7,364	-0-	7,364	36,819
Repairs and Maintenance	140,455	3,938	-0-	3,938	144,393
Security	75,625	-0-	-0-	-0-	75,625
Special Events	-0-	-0-	485	485	485
Telephone	13,215	1,555	777	2,332	15,547
Travel Program	6	-0-	-0-	-0-	6
Utilities	118,471	2,021	-0-	2,021	120,492
Veterinary Care and Medicine	348,391	-0-	-0-	-0-	348,391
Volunteer Expenses	-0-	-0-	339	339	339
Website and Computers	13,301	4,893	8,844	13,737	27,038
Expenses before Depreciation	2,953,941	432,832	74,963	507,795	3,461,736
Depreciation	550,237	23,168	5,792	28,960	579,197
Total Functional Expenses	$ 3,504,178	$ 456,000	$ 80,755	$ 536,755	$ 4,040,933

SEE INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION.

	Year Ended December 31, 2020				
	Program Services	Supporting Services Management	Fundraising	Subtotal	Total Expenses
Salaries and Wages	$ 1,150,283	$ 102,028	$ 27,374	$ 129,402	$ 1,279,685
Compensation – Directors	58,915	3,273	3,273	6,546	65,461
Total Salaries and Wages	1,209,198	105,301	30,647	135,948	1,345,146
Payroll Taxes	104,360	11,726	1,173	12,899	117,259
Employee Benefits	41,576	3,341	1,485	4,826	46,402
Total Compensation	1,355,134	120,368	33,305	153,673	1,508,807
Animal Feed and Supplies	185,016	-0-	-0-	-0-	185,016
Animal Shelter Supplies	31,769	-0-	-0-	-0-	31,769
Audit and Accounting Fees	-0-	124,755	-0-	124,755	124,755
Bank and Credit Card Costs	10,205	5,102	1,701	6,803	17,008
Behavioral Analysis	288	-0-	-0-	-0-	288
Crane Services	-0-	-0-	-0-	-0-	-0-
Consultants	71,812	23,809	23,425	47,234	119,046
Donor Relations	-0-	-0-	522	522	522
Educational Promotion	4,416	-0-	-0-	-0-	4,416
Equipment Rental	4,519	9,843	-0-	9,843	14,362
Fire Suppression	4,905	-0-	-0-	-0-	4,905
Fuel and Oil	18,015	2,002	-0-	2,002	20,017
Human Resources	-0-	4,675	-0-	4,675	4,675
Insurance	139,593	4,408	2,939	7,347	146,940
Legal Fees	-0-	98,169	-0-	98,169	98,169
Licenses and Permits	5,617	6,960	6,134	13,094	18,711
Mailing List and Services	4,549	-0-	2,449	2,449	6,998
Meeting Expenses	80	-0-	-0-	-0-	80
Office Supplies	2,784	12,669	-0-	12,669	15,453
Postage and Shipping	16,642	1,109	4,438	5,547	22,189
Printing and Publications	19,051	-0-	10,258	10,258	29,309
Property Taxes	20,948	-0-	-0-	-0-	20,948
Rent	30,233	7,558	-0-	7,558	37,791
Repairs and Maintenance	81,337	3,358	-0-	3,358	84,695
Security	73,800	-0-	-0-	-0-	73,800
Special Events	-0-	-0-	10,253	10,253	10,253
Telephone	14,239	1,675	838	2,513	16,752
Travel Program	2,630	-0-	-0-	-0-	2,630
Utilities	101,625	1,690	-0-	1,690	103,315
Veterinary Care and Medicine	326,565	-0-	-0-	-0-	326,565
Volunteer Expenses	-0-	-0-	196	196	196
Website and Computers	14,880	4,990	8,651	13,641	28,521
Expenses before Depreciation	2,540,652	433,140	105,109	538,249	3,078,901
Depreciation	546,592	23,014	5,754	28,768	575,360
Total Functional Expenses	$ 3,087,244	$ 456,154	$ 110,863	$ 567,017	$ 3,654,261