DoveLewis

DoveLewis Emergency Animal Hospital, Inc.

Consolidated Financial Statements
Year Ended June 30, 2022

McDONALD JACOBS

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McDonald Jacobs
Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
DoveLewis Emergency Animal Hospital, Inc.

Opinion

We have audited the accompanying consolidated financial statements of DoveLewis Emergency Animal Hospital, Inc.(a nonprofit organization) and subsidiary, which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of DoveLewis Emergency Animal Hospital, Inc. as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of DoveLewis Emergency Animal Hospital, Inc. and subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about DoveLewis Emergency Animal Hospital, Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of DoveLewis Emergency Animal Hospital, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about DoveLewis Emergency Animal Hospital, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information
The prior year summarized comparative information has been derived from the Organization's 2021 consolidated financial statements, which were audited by other auditors who expressed an unmodified opinion on those statements in their report October 7, 2021.

McDonald Jacobs, P.C.

Portland, Oregon
October 12, 2022

DoveLewis Emergency Animal Hospital, Inc.

Consolidated Statement of Financial Position

As of June 30, 2022 and 2021

	2022	2021
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 4,087,570	$ 5,297,487
Short-Term Investments	3,006,145	3,259,331
Accounts Receivable (Net)	216,804	189,403
Contributions Receivable (Net)	350,000	91,346
Inventories	434,901	307,140
Unemployment Trust Fund	87,856	106,751
Prepaid Expenses	216,660	181,321
TOTAL CURRENT ASSETS	**8,399,936**	9,432,779
PROPERTY AND EQUIPMENT (NET)	**8,243,923**	8,223,304
Other Noncurrent Assets		
Contributions Receivable (Net)	43,052	101,884
Website Development Costs (Net)	293,974	102,805
Deposit	100,000	-
Operating Lease Right of Use Asset	352,596	-
Interest Rate Swap Agreement	32	-
TOTAL OTHER NONCURRENT ASSETS	**789,654**	204,689
TOTAL ASSETS	**$ 17,433,513**	$ 17,860,772
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	$ 688,148	$ 700,605
Deferred Revenue	481,809	356,818
Accrued Payroll Liabilities	503,945	901,295
Retirement Plan Contribution Payable	290,209	306,138
Operating Lease Liability	174,539	-
Mortgage Note Payable	76,800	73,600
Charitable Gift Annuities Payable	24,750	24,750
TOTAL CURRENT LIABILITIES	**2,240,200**	2,363,206
Noncurrent Liabilities		
Operating Lease Liability	178,057	-
Mortgage Note Payable	2,598,505	2,675,305
Charitable Gift Annuities Payable	133,924	151,876
Interest Rate Swap Agreement	-	47,391
TOTAL NONCURRENT LIABILITIES	**2,910,486**	2,874,572
TOTAL LIABILITIES	**5,150,686**	5,237,778
Net Assets		
Net Assets Without Donor Restrictions:		
Undesignated	6,229,227	6,736,002
Property and Equipment (Net)	5,568,618	5,474,399
Total Net Assets Without Donor Restrictions	11,797,845	12,210,401
Net Assets With Donor Restrictions	484,982	412,593
TOTAL NET ASSETS	**12,282,827**	12,622,994
TOTAL LIABILITIES AND NET ASSETS	**$ 17,433,513**	$ 17,860,772

The accompanying notes are an integral part of the consolidated financial statements.

DoveLewis Emergency Animal Hospital, Inc.

Consolidated Statement of Activities

Year Ended June 30, 2022 (with summarized financial information for the year ended June 30, 2021)

	2022			
	Without Donor Restrictions	With Donor Restrictions	**Total**	2021 Total
Revenue and Support				
Medical Revenue (Net)	$ 25,279,868	$ -	$ 25,279,868	$ 23,588,002
Education Program Revenue	909,921	-	909,921	749,121
Contributions of Cash	2,220,895	602,295	2,823,190	2,174,736
Contributions of Financial Assets	4,450	12,943	17,393	616,821
Contributions of Nonfinancial Assets	169,812	14,201	184,013	82,817
Interest Income	61,464	-	61,464	28,475
Rental Income	18,492	-	18,492	18,492
County Stray Reimbursement	54,000	-	54,000	36,000
Miscellaneous Income	128,135	-	128,135	59,691
	28,847,037	629,439	29,476,476	27,354,155
Net Assets Released From Restrictions	557,050	(557,050)	-	-
Total Revenue and Support	29,404,087	72,389	**29,476,476**	27,354,155
Functional Expenses				
Program Services				
Clinic	24,629,548	-	24,629,548	21,299,547
Pet Loss Support	114,165	-	114,165	127,251
Animal Assisted Therapy	100,435	-	100,435	98,779
Blood Bank	167,068	-	167,068	134,083
Stray Animal and Wildlife	346,408	-	346,408	361,642
Financial Assistance	322,469	-	322,469	285,718
Education	799,694	-	799,694	699,584
Total Program Services	26,479,787	-	26,479,787	23,006,604
Supporting Services				
General and Administrative	2,036,334	-	2,036,334	2,146,809
Development	1,058,440	-	1,058,440	944,933
Total Supporting Services	3,094,774	-	3,094,774	3,091,742
Total Functional Expenses	29,574,561	-	**29,574,561**	26,098,346
Other Income and (Expenses)				
Net Loss on Disposal of Assets	(1,982)	-	(1,982)	(19,870)
Net Unrealized Gain (Loss) on Investments	(240,100)	-	(240,100)	115,617
Gain on Forgiveness of PPP Loan	-	-	-	1,977,459
Total Other Income and (Expenses)	(242,082)	-	**(242,082)**	2,073,206
Change in Net Assets	(412,556)	72,389	(340,167)	3,329,015
Net Assets - Beginning of Year	12,210,401	412,593	12,622,994	9,293,979
Net Assets - End of Year	$ 11,797,845	$ 484,982	**$ 12,282,827**	$ 12,622,994

The accompanying notes are an integral part of the consolidated financial statements.

DoveLewis Emergency Animal Hospital, Inc.

Consolidated Statement of Functional Expenses

Year Ended June 30, 2022 (with summarized financial information for the year ended June 30, 2021)

	Program Services								Supporting Services				
	Clinic	Pet Loss Support	Animal Assisted Therapy	Blood Bank	Stray Animal and Wildlife	Financial Assistance	Education	Total Program Services	General and Administrative	Development	Total Supporting Services	**2022 Total**	**2021 Total**
Salaries	$ 13,954,518	$ 84,826	$ 59,789	$ 58,644	$ 254,425	$ 236,971	$ 273,494	$ 14,922,667	$ 1,272,659	$ 496,185	$ 1,768,844	$ 16,691,511	$ 14,939,244
Contracted Services	1,274,678	600	-	-	-	-	11,878	1,287,156	121,380	-	121,380	1,408,536	1,111,290
Payroll Taxes	963,449	7,000	5,024	4,756	16,023	14,924	20,222	1,031,398	100,978	38,300	139,278	1,170,676	1,088,048
Employee Benefits	1,698,882	10,030	9,521	8,505	30,581	28,483	34,346	1,820,348	172,814	45,011	217,825	2,038,173	1,911,419
Staff Recruitment	128,567	-	508	-	-	-	-	129,075	11,805	220	12,025	141,100	83,506
Medical Supplies	2,729,583	-	-	76,173	45,014	41,926	-	2,892,696	-	-	-	2,892,696	2,393,307
Facilities and Equipment Leases	120,448	4,077	4,077	4,077	-	-	14,947	147,626	72,313	23,100	95,413	243,039	227,221
Repairs and Maintenance	509,074	-	-	680	-	-	-	509,754	-	-	-	509,754	465,195
Property Security	79,276	-	-	-	-	-	-	79,276	-	-	-	79,276	92,213
Supplies and Equipment	394,706	1,624	3,735	2,731	-	-	67,519	470,315	53,895	9,887	63,782	534,097	408,762
Outside Professional Services	249,727	384	384	384	-	-	35,782	286,661	164,872	31,935	196,807	483,468	469,500
Insurance	55,778	319	319	319	-	-	1,275	58,010	4,462	1,275	5,737	63,747	51,231
Administrative	131,835	-	11,740	4,650	200	-	-	148,425	13,505	36,765	50,270	198,695	201,035
Taxes and Licenses	148,588	-	-	-	-	-	-	148,588	1,051	-	1,051	149,639	133,510
Utilities	238,701	389	1,324	457	-	-	2,080	242,951	18,024	4,328	22,352	265,303	189,340
Marketing	388,404	2,211	2,362	2,299	-	-	180,093	575,369	9,057	69,792	78,849	654,218	521,530
Fundraising Event	-	-	-	-	-	-	-	-	-	273,186	273,186	273,186	170,777
Education Event	-	-	-	-	-	-	2,614	2,614	-	-	-	2,614	62,068
Printing and Postage	11,532	2,443	1,570	3,311	-	-	2,376	21,232	4,028	8,498	12,526	33,758	25,453
Dues and Subscriptions	4,443	180	-	-	-	-	15,936	20,559	4,351	398	4,749	25,308	38,405
Bank Transaction Fees	737,641	-	-	-	-	-	46,086	783,727	11,140	19,066	30,206	813,933	741,250
Bad Debts	260,388	-	-	-	-	-	-	260,388	-	-	-	260,388	202,260
Depreciation and Amortization	463,412	82	82	82	165	165	91,046	555,034	-	494	494	555,528	470,955
Interest	85,918	-	-	-	-	-	-	85,918	-	-	-	85,918	100,827
Total Expenses	$ 24,629,548	$ 114,165	$ 100,435	$ 167,068	$ 346,408	$ 322,469	$ 799,694	$ 26,479,787	$ 2,036,334	$ 1,058,440	$ 3,094,774	**$ 29,574,561**	**$ 26,098,346**

The accompanying notes are an integral part of the consolidated financial statements.

DoveLewis Emergency Animal Hospital, Inc.

Consolidated Statement of Cash Flows

Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in Net Assets	$ (340,167)	$ 3,329,015
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and Amortization Expense	555,528	470,955
Provision for Bad Debts	268,566	234,827
Net Loss on Property and Equipment	4,496	21,578
Net Loss (Gain) on Short-Term Investments	283,544	(95,094)
Change in Fair Value of Charitable Gift Annuities Payable	6,798	7,499
Change in Fair Value of Interest Rate Swap Agreement	(47,423)	(29,641)
Contributions Restricted for Building and Equipment Funds	(121,540)	(138,059)
Gain on Forgiveness of PPP Loan Principal	-	(1,959,741)
Contributions with Perpetual Donor Restrictions	(154,591)	-
(Increase) Decrease in Assets		
Accounts Receivable	(295,967)	(266,575)
Contributions Receivable	(199,822)	24,278
Inventories	(127,761)	(10,603)
Unemployment Trust Fund	18,895	4,602
Prepaid Expenses	(35,339)	78,362
Deposit	(100,000)	-
Increase (Decrease) in Liabilities		
Accounts Payable	(12,457)	253,432
Deferred Revenue	124,991	48,221
Accrued Payroll Liabilities	(397,350)	60,621
Retirement Plan Contribution Payable	(15,929)	84,992
Net Cash (Used) Provided by OPERATING ACTIVITIES	**(585,528)**	2,118,669
Cash Flows from Investing Activities		
Purchases of Short-Term Investments	(2,170,014)	(2,974,019)
Proceeds from Short-Term Investments	2,139,656	52,335
Purchases of Property and Equipment	(481,369)	(461,516)
Website Development Costs	(290,443)	(87,644)
Net Cash Used in INVESTING ACTIVITIES	**(802,170)**	(3,470,844)
Cash Flows from Financing Activities		
Contributions Restricted for Building and Equipment Funds	121,540	138,059
Contributions with Perpetual Donor Restrictions	154,591	-
Payments on Mortgage Note Payable	(73,600)	(70,800)
Payments on Charitable Gift Annuities Payable	(24,750)	(24,750)
Net Cash Provided by FINANCING ACTIVITIES	**177,781**	42,509
Net (Decrease) in Cash and Cash Equivalents	**(1,209,917)**	(1,309,666)
Cash and Cash Equivalents - Beginning of Year	5,297,487	6,607,153
Cash and Cash Equivalents - End of Year	**$ 4,087,570**	$ 5,297,487

The accompanying notes are an integral part of the consolidated financial statements.

1. Nature of Activities and Summary of Significant Accounting Policies

a. Business and Organization

DoveLewis® Emergency Animal Hospital, Inc. (DoveLewis) is one of the premier veterinary medical service organizations in the United States and the only not-for-profit animal emergency and critical care hospital in the Pacific Northwest. Founded in 1973, DoveLewis' mission is to care for every animal and every person who cares for them. Always. DoveLewis is open 24 hours a day, 365 days a year, and serves approximately 28,000 patients annually at its NW Portland, Oregon location.

DoveLewis' staff of 227 employees includes many board-certified specialists, including four board-certified critical care specialists, three board-certified surgeons, two board-certified internal medicine specialists, one board-certified cardiology specialist, one board-certified dermatology specialist, two board-certified neurology specialists and four specialty board-certified veterinary technicians. DoveLewis is the only Veterinary Emergency and Critical Care Society (VECCS) level 1 facility in the state of Oregon and is also accredited by the American Animal Hospital Association (AAHA).

DoveLewis also serves as a nationally-accredited teaching hospital through the American Association of Veterinary Clinicians (AAVC), offering advanced training for veterinarians and veterinary students in emergency and critical care. DoveLewis' teaching program includes internships in emergency medicine and externships for veterinary students. In 2011, DoveLewis developed an online education program designed to further DoveLewis' teaching mission and provide affordable educational videos to veterinary communities all over the world. Net proceeds from this paid subscription site are reinvested into DoveLewis' hospital and community programs. In 2018, DoveLewis launched a partnership with the World Small Animal Veterinary Association Foundation to mentor veterinary hospitals in Africa. DoveLewis also offers many seminars and classes for pet owners.

In addition to expert medical care, DoveLewis offers many unique donor-funded community programs designed to strengthen the human-animal bond and support the animal-loving community. These programs extend the reach of DoveLewis' expertise. The Pet Loss Support Program provides group counseling sessions, a grief support hotline, and memorial art workshops. In 2020, DoveLewis expanded this program to develop proactive initiatives to address the mental health and well-being needs of its staff. DoveLewis' Blood Bank, one of the largest volunteer-based animal blood banks in the nation, provides blood products by relying on a dedicated team of canine and feline blood donors from within the community. DoveLewis offers stabilizing care to thousands of injured strays, lost pets, and wounded wildlife through the Stray Animal and Wildlife Program. This program also helps reunite families with their lost pets via microchip scanning and by utilizing an online public forum. The Velvet Assistance Fund offers financial assistance to qualifying low-income clients to help cover the cost of medical treatment in an emergency and the Charlie Fund offers financial assistance to qualifying cases of animal abuse. DoveLewis also runs the Portland Area Canine Therapy Teams (PACTT) Program, which provides animal-assisted therapy visits to the community from highly skilled and certified teams.

Revenue and support for the Organization is generated primarily from fees charged for medical services, online educational subscription services, special events, and contributions from individuals, corporations, and foundations.

b. Principles of Consolidation

The accompanying consolidated financial statements as of and for the years ended June 30, 2022 and 2021 include the accounts of DoveLewis and its wholly-owned subsidiary, Dove American LLC (collectively, "the Organization"). All significant intercompany accounts and transactions have been eliminated in consolidation.

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

c. Financial Statement Presentation

The Organization reports information regarding its consolidated financial position and activities according to two classes of net assets, those with donor restrictions and those without donor restrictions. Net assets with donor restrictions include amounts restricted for specified purposes, restricted by the passage of time or restricted in perpetuity requiring the assets to be permanently maintained.

Expenses are reported as decreases in net assets without donor restrictions. Revenues earned are reported as increases in net assets without donor restrictions. Gains and losses on investments and contributions are reported as increases or decreases in net assets without donor restrictions unless the use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (for example, the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2021, from which the summarized information was derived.

d. Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases, which created FASB Accounting Standards Codification (ASC) Topic 842 (ASC 842). The new standard requires adoption for fiscal years beginning after December 15, 2021. The Organization early adopted the new standard on July 1, 2021 and used the effective date as the date of initial application. ASC 842 requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The new standard established a right of use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for all leases with an initial term longer than 12 months. Leases are classified as finance or operating, with classification affecting the pattern and categorization of expense recognition in the statement of activities. Adoption of the new standard resulted in the recognition of both a $453,579 ROU asset and lease liability in the consolidated statement of financial position for a lease that was initiated during the year ended June 30, 2022.

e. Basis of Accounting

The Organization follows the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned, and expenses are recorded when incurred.

Revenue is measured based on consideration specified in contracts with customers. The Organization recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Revenue from performance obligations satisfied at a single point in time includes medical services and special events. Revenue from performance obligations satisfied over a period of time is derived from the sale of online educational subscription services.

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

e. Basis of Accounting (Continued)

Medical revenue is recognized at the time the medical treatments are performed. Deposits received from clients for medical treatments to be performed are recorded as deferred revenue and recognized as revenue once the medical treatments have been performed.

Revenue from the sale of online educational subscription services is measured using the output method. It is recorded as deferred revenue and recognized ratably over the subscription period, which is usually one year. Revenue from the sale of other educational products is recognized at the point of sale, which is when control transfers to the customer.

Revenue from event ticket sales is recorded as deferred revenue and is recognized during the month in which the event takes place, which is when services are considered to have been provided.

The Organization does not offer any significant financing terms as payment for all sources of revenue is due either at the point of sale or shortly thereafter.

f. COVID-19

On March 11, 2020, the World Health Organization recognized COVID-19 as a global pandemic, prompting national and local governments to implement protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping stay-at-home orders. The Organization's services were designated essential in nature and therefore were not materially interrupted. As the pandemic continues to progress, the Organization is closely monitoring the effect of COVID-19 on all aspects of the business, including customers, subcontractors, suppliers, vendors and employees. The COVID-19 pandemic remains an evolving situation, and the extent of its impact on the Organization's financial results will depend on future developments, including the duration of the pandemic and its related influence on the economy, both of which are highly uncertain.

g. Use of Estimates

The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Assumptions also affect the reported amounts of revenue and expenses during the financial statement period. Actual results could differ from these estimates and may impact future periods, particularly given the significant economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic.

h. Cash and Cash Equivalents

For the purpose of reporting cash flows, the Organization considers all liquid investments having initial maturities of three months or less to be cash and cash equivalents.

i. Fair Value Measurements

GAAP requires the Organization to disclose the valuation techniques, types of inputs, and fair value hierarchy for all financial assets and liabilities, and certain non-financial assets and liabilities, that are being measured and reported at fair value on a recurring or non-recurring basis. Items carried at fair value on a recurring basis consist of short-term investments, charitable gift annuities payable, and the interest rate swap agreement. The levels of the hierarchy are described below:

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

i. Fair Value Measurements (Continued)

Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; these include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs in which there is little or no market data available, which require the reporting entity to develop its own assumptions.

The following table presents information about the Organization's financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2022 and 2021 and indicates the fair value hierarchy of the valuation techniques utilized by the Organization to determine such fair value:

2022	**Level 1**	**Level 2**	**Level 3**
Short-Term Investments			
Commercial Paper	$ 1,950,000	$ -	$ -
Mutual Funds	1,056,145	-	-
Total Short-Term Investments	**3,006,145**		-
Charitable Gift Annuities Payable	-	**(158,674)**	-
Interest Rate Swap Asset	-	**32**	-

2021	Level 1	Level 2	Level 3
Short-Term Investments			
Commercial Paper	$ 2,000,000	$ -	$ -
Mutual Funds	1,259,331	-	-
Total Short-Term Investments	3,259,331	-	-
Charitable Gift Annuities Payable	-	(176,626)	-
Interest Rate Swap Liability	-	(47,391)	-

Short-term investments are valued using the market approach, for which values are determined by quoted market prices in active markets for identical assets.

The Organization uses inputs, including mortality tables and an investment return assumption as provided by the American Council on Gift Annuities, to determine the fair value of the charitable gift annuities payable. Management has reviewed and evaluated the information and agrees with the valuation methods and assumptions used in determining fair value. In accordance with Oregon Revised Statutes 731.038, the Organization maintains reserves in amounts sufficient to make all payments as required under the annuity agreements. The present value of the Organization's interest in the charitable gift annuities payable was determined by applying a fixed interest rate of 4%.

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

i. Fair Value Measurements (Continued)

The fair value of the interest rate swap agreement was estimated by U.S. Bank, using a model specifically designed for interest rate derivatives. This model employs an income valuation approach by calculating the present value of future expected cash flows using discount factors based on market interest rates. The valuation of the interest rate swap agreement takes into account observable market data, utilizing both Level 1 and Level 2 inputs (see Note 9 for additional information).

j. Accounts Receivable

Accounts receivable consist primarily of medical fees receivable. An allowance for uncollectible accounts is calculated based on the aging of the Organization's accounts receivable and management's judgment. Factors influencing management's judgment include historical data, current and expected future conditions, along with relevant information specific to each account. The Organization writes off accounts receivable when the Organization determines that a balance is uncollectible and no longer actively pursues collection of the receivable.

k. Inventories

Inventories consist of medical supplies, excluding those that are on the hospital floor and are used solely to administer treatments. Inventories are valued at the lower of cost or net realizable value. To determine the value, the Organization uses the replacement cost method, which approximates the first-in, first-out method. Management believes that this method most accurately reflects the economic value of its inventories.

l. Unemployment Trust Fund

Pursuant to Federal law, the Organization has opted out of the state unemployment insurance tax system and has become a reimbursing employer. The Organization has established a trust, managed exclusively by the 501(c) Agencies Trust, to make such reimbursements. Trust member reserve accounts are individually owned and held. Trust funds are invested conservatively and are fully insured.

m. Property and Equipment

Acquisitions of property and equipment in excess of $5,000 are capitalized. Property and equipment is recorded at cost when purchased and at fair value when acquired by gift. Major additions and improvements are capitalized. Replacements, maintenance, and repairs which do not upgrade or extend the life of the respective assets are all expensed as incurred.

Equipment under capital lease agreements and leasehold improvements are amortized over the lesser of the term of the related lease or the estimated useful life of the asset. Such amortization, when applicable, is included in depreciation and amortization expense in the accompanying consolidated financial statements. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the major classes of assets as follows:

Building and Improvements	5 - 39	years
Office Equipment	3 - 7	years
Medical Equipment	3 - 10	years

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

n. Leases

The Organization determines if an arrangement is or contains a lease at inception. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Lease terms may include options to extend or terminate certain leases. The value of a lease extension or early termination is reflected in the valuation if it is reasonably certain management will exercise an option to extend or terminate a lease. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with an term of 12 months or less). Instead, short-term leases are reported as lease expense on a straight-line basis over the lease term. Lease and non-lease components of medical equipment agreements are accounted for separately.

o. Contributions of Cash and Financial Assets

Contributions received are recorded as increases in net assets with or without donor restrictions, depending on the absence or existence and nature of any donor restrictions. When a restriction expires, donor restricted contributions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions of stock or other financial assets are recorded as revenue and support when the asset has been transferred to the Organization. The value of contributed stock or other financial assets is calculated at the median market price on the date of transfer.

p. Contributions Receivable

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 future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates applicable to the current period. Amortization of the discounts is included in contributions in the accompanying consolidated financial statements. Conditional promises to give are not included as support until the conditions are substantially met.

The Organization uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises to give.

q. Contributions of Nonfinancial Assets

The Organization's policy related to contributions of nonfinancial assets is to utilize the assets to carry out the mission of the Organization. If a donated asset cannot be utilized in the normal course of business, the asset will be sold at fair value as determined by a specialist or by appraisal, depending on the type of asset. Contributed materials and supplies are recorded as revenue and support at their estimated fair value upon receipt. Contributed services are recorded as revenue and support at their estimated fair value only if such services create or enhance nonfinancial assets or would have been purchased if not provided by donation, require specialized skills, and are provided by individuals possessing such specialized skills.

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

r. Website Development

Website development costs are recorded as follows: (1) costs incurred in the planning stage, which include developing the project plan, determining functionalities of the website, conceptually formulating graphics and content, and addressing legal issues such as copyrights and trademarks, are expensed as incurred; (2) costs incurred to create the website application, infrastructure, and graphics are capitalized; (3) costs incurred for upgrades and enhancements that increase functionality are capitalized and (4) costs incurred to develop ongoing content are expensed as incurred. Capitalized costs are amortized on a straight-line basis over the estimated useful life and are reviewed annually for impairment.

s. Interest Rate Swap Agreement

The Organization has entered into an interest rate swap agreement – which is a derivative financial instrument – to reduce interest rate risk associated with its long-term debt (see Notes 8 and 9). The Organization does not hold or issue derivative financial instruments for trading purposes. For not-for-profit organizations, GAAP requires the organization to recognize all derivatives as either assets or liabilities and measure those instruments at fair value with changes in their fair value being recognized as income or expense in the consolidated statement of activities.

t. Expense Classification

The costs of providing the various programs and activities of the Organization have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification of expenses by function. Directly identifiable expenses are charged to programs and supporting services. Expenses relating to more than one function are charged to the programs and supporting services based on staffing ratios, and certain managers have their salaries allocated based on time studies. Staffing ratios and time studies are updated annually. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

u. Advertising

Advertising costs are expensed as incurred and are included in marketing expense in the consolidated statement of functional expenses. Advertising expense amounted to $627,607 and $487,388 for the years ended June 30, 2022 and 2021, respectively.

v. Income Taxes

DoveLewis has been approved as a tax-exempt organization under Internal Revenue Code Section 501(c)(3) and applicable state law. During the years ended June 30, 2022 and 2021, DoveLewis earned unrelated business income; however, the tax related to this income was insignificant to the accompanying consolidated financial statements and was expensed when paid.

Dove American LLC is a limited liability company. In December 2008, DoveLewis became the sole member of this entity, and it is therefore treated as a disregarded entity for tax purposes.

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

w. Income Taxes (Continued)

Income tax positions that meet a more-likely-than-not recognition threshold are measured at the largest amount of income tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with income tax positions taken that exceeds the amount measured as described above, if any, would be reflected as a liability for unrecognized income tax benefits in the consolidated statements of financial position, along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Interest and penalties associated with unrecognized income tax benefits would be classified as additional income taxes in the consolidated statement of activities. There were no unrecognized income tax benefits, nor any interest and penalties associated with unrecognized income tax benefits, accrued or expensed as of and for the years ended June 30, 2022 and 2021.

The Organization files income tax returns in the U.S. Federal and Oregon jurisdictions. Cash paid for income taxes during the years ended June 30, 2022 and 2021 was $990 and $659, respectively.

x. Reclassifications

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

2. Liquidity and Availability of Financial Assets

The Organization has a liquidity management policy that specifies the maintenance of an operating reserve and structures financial assets to be available as general expenditures, liabilities, and other obligations come due. The Organization has financial assets that consist of cash and cash equivalents, short-term investments and receivables. Financial assets available for general expenditures within one year of the consolidated statements of financial position are as follows as of June 30:

	2022	2021
Financial Assets	**$ 7,660,519**	$ 8,837,567
Less cash reserved for:		
Mortgage Note Payable Covenant Requirement	**(750,000)**	(750,000)
Financial Assistance in Future Periods	**-**	(75,285)
Equipment Fund	**(11,889)**	(22,308)
Building Fund	**(13,235)**	-
Cash and Investments Held for Charitable Gift Annuities	**(158,674)**	(176,626)
Net Assets with Perpetual Donor Restrictions	**(154,591)**	-
Less contributions receivable restricted for:		
Equipment Fund	**(25,000)**	(25,000)
Building Fund	**(35,000)**	(64,846)
Financial Assets Available Within One Year	**$ 6,512,130**	$ 7,723,502

3. Accounts Receivable

Accounts receivable consist of the following as of June 30:

	2022	2021
Medical Services	**$ 339,270**	$ 263,581
Other Receivables	**1,725**	3,139
	340,995	266,720
Less allowance for uncollectible accounts	**(124,191)**	(77,317)
Accounts Receivable (Net)	**$ 216,804**	$ 189,403

4. Contributions Receivable

The Organization had the following contributions receivable as of June 30:

	2022	2021
Building Fund	**$ 55,000**	$ 119,846
Equipment Fund	**50,000**	75,000
Other Restricted Funds	**-**	1,500
Unrestricted Contributions	**290,000**	-
	395,000	196,346
Less allowance for uncollectible accounts	-	-
Less discount to present value	**(1,948)**	(3,116)
Contributions Receivable (Net)	**$ 393,052**	$ 193,230
Amounts due in		
Less than one year	**$ 350,000**	$ 91,346
One to five years	**43,052**	101,884
Contributions Receivable (Net)	**$ 393,052**	$ 193,230

Contributions receivable due in more than one year are discounted at the rate of 3.70% and 2.00% as of June 30, 2022 and 2021, respectively.

5. Property and Equipment

Property and equipment consists of the following as of June 30:

	2022	2021
Land	**$ 888,982**	$ 888,982
Building	**5,472,253**	5,472,253
Building Improvements	**3,417,212**	3,364,723
Office and Computer Equipment	**419,546**	393,532
Medical Equipment	**1,674,355**	1,663,691
Total Property and Equipment	**11,872,348**	11,783,181
Less accumulated depreciation	**(3,628,425)**	(3,559,877)
Property and Equipment (Net)	**$ 8,243,923**	$ 8,223,304

Depreciation expense totaled $456,254 and $420,731 for the years ended June 30, 2022 and 2021, respectively.

6. Website Development Costs

Website development costs consist of the following as of June 30:

	2022	2021
Website Development Costs	**$ 757,480**	$ 467,037
Less accumulated amortization	**(463,506)**	(364,232)
Website Development Costs (Net)	**$ 293,974**	$ 102,805

Amortization expense amounted to $99,274 and $50,224 for the years ended June 30, 2022 and 2021, respectively, and is included in depreciation and amortization expense in the accompanying consolidated statement of functional expenses.

7. Charitable Gift Annuities Payable

The Organization holds charitable gift annuity contracts with multiple donors, whereby in exchange for a gift, the Organization is obligated to provide quarterly annuity payments to the donors for life. As of June 30, 2022 and 2021, total assets held for charitable gift annuities of $158,674 and $176,626, respectively, are included in cash and cash equivalents and short-term investments in the consolidated statements of financial position. The related charitable gift annuities payable is recognized at the actuarially computed present value of the annuity obligation. Upon the death of all donors involved in an annuity contract, the liability for the annuity is reversed and is recorded as revenue without donor restriction. No new charitable gift annuity contracts were established during the years ended June 30, 2022 and 2021.

8. Mortgage Note Payable

As of June 30, 2022 and 2021, the Organization has a mortgage note payable to a financial institution (the Mortgage Note). Interest is computed at a variable rate equal to 1.9% plus the one-month London Interbank Offered Rate (LIBOR). As of June 30, 2022 and 2021, LIBOR was 1.80% and .10%, respectively. Cash paid for interest during the years ended June 30, 2022 and 2021 was $85,918 and $85,481, respectively.

The Mortgage Note agreement, as amended, is a term loan with a maturity date of June 30, 2024. Required monthly principal payments range from $5,700 to $6,700 with a balloon payment of all unpaid principal and interest due upon maturity. Real property in Portland, Oregon has been pledged as security. The loan agreement contains certain financial covenants.

Future maturities of the Mortgage Note as of June 30, 2022 are as follows:

2023	$ 76,800
2024	2,598,505
Total	**$ 2,675,305**

9. Interest Rate Swap Agreement

In March 2018, the Organization entered into an interest rate swap agreement with U.S. Bank to reduce the Organization's exposure to variability in interest rates on the Mortgage Note (see Note 8). The interest rate swap agreement contains the following terms as of June 30, 2022:

Notional Amount	Variable Rate	Fixed Rate	Maturity Date
$1,000,000	1-Month LIBOR	2.889%	March 21, 2023

10. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of June 30 :

	2022	2021
Financial Assistance	**$ 305,267**	$ 390,285
Equipment and Building	**25,124**	22,308
Total Net Assets with Expiring Donor Restrictions	**330,391**	412,593
Net Assets with Perpetual Donor Restrictions	**154,591**	-
Total Net Assets with Donor Restrictions	**$ 484,982**	$ 412,593

During the year ended June 30, 2022, the Organization received its first contribution with perpetual donor restrictions. The Organization is in the process of developing an endowment policy which is expected to be implemented during the year ending June 30, 2023 and funded by the Net Assets with Perpetual Donor Restictions.

11. Revenue from Contracts with Customers

The Organization recognized total revenue from contracts with customers for the years ended June 30:

	2022	2021
Point in Time:		
Medical Revenue	**$ 26,591,952**	$ 24,811,058
Event income	**149,502**	136,045
Monthly Subscriptions	**142,525**	122,893
Product Sales	**107,958**	43,078
Other	**1,000**	26,312
Over time:		
Annual Subscriptions	**766,396**	599,917
Total Revenue from Contracts with Customers	**$ 27,759,333**	$ 25,739,302

The Organization had the following contract assets and contract liabilities as of June 30:

	2022	2021	2020
Contract Assets (Accounts Receivable)			
Point in Time	**$ 339,270**	$ 263,581	$ 231,666
Total Contract Assets	**$ 339,270**	$ 263,581	$ 231,666
Contract Liabilities (Deferred Revenue)			
Point in Time	**$ 83,580**	$ 73,629	$ 57,340
Over Time	**398,229**	283,189	251,257
Total Contract Liabilities	**$ 481,809**	$ 356,818	$ 308,597

The Organization receives certain contributions designated specifically for the treatment of stray and wildlife animals and to assist pet owners with financial need. These funds are used to cover charitable assistance write-offs, as disclosed below. When such charitable assistance is provided, these contributions are reclassified from net assets with donor restrictions to net assets without donor restrictions and are included in net assets released from restrictions in the accompanying consolidated statement of activities.

Medical Revenue (Net) was as follows for the years ended June 30:

	2022	2021
Gross Medical Revenue	**$ 26,591,952**	$ 24,811,058
Charitable Assistance	**(668,345)**	(645,951)
Discounts and Adjustments	**(643,739)**	(577,105)
Medical Revenue (Net)	**$ 25,279,868**	$ 23,588,002

12. Oregon Community Foundation Fund

In 1997, the Oregon Community Foundation (OCF) became the beneficiary of an estate establishing a permanent charitable fund for the benefit of the Organization. OCF retains variance power over the fund. Since 1997, OCF has distributed a percentage of the fair market value of the fund to the Organization annually. This contribution from OCF is recorded as revenue without donor restrictions in the year received.

13. Contributed Nonfinancial Assets

The Organization received the following contributions of nonfinancial assets for the years ended June 30:

	2022	2021
Event Supplies – Development	**$ 82,070**	$ 56,866
Supplies – Program Services	**88,573**	3,465
Facility Usage – Administrative	**2,244**	2,244
Professional Services – Program Services	**11,126**	20,242
Total Contributed Nonfinancial Assets	**$ 184,013**	$ 82,817

The Organization receives event supplies, administrative supplies and supplies that are restricted for use within designated programs. Event supplies are utilized in the production of events or sold via auction at events. All donated supplies are recorded at fair value and are used to support programs and operations. Fair value is based on the current cost to acquire the supplies and the sales price of comparable supplies.

The Organization receives the use of donated space for storage and event hosting. Donated space is recorded at fair value and is used to support programs and operations. Fair value is based on current market rates and commercial listings for use of specific and comparable properties.

The Organization receives contributed professional services related to event production and advertising. These services are used to support programs and operations and would have been purchased if not provided by donation. Contributed professional services are recorded at their estimated fair value using current market rates from applicable vendors and comparable professionals.

The Organization also receives donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the consolidated statement of activities for these services because the criteria for recognition have not been satisfied. In addition, the Organization receives donations of canine and feline blood for the community blood bank. The fair value of these units cannot reasonably be estimated and is therefore not recorded in the accompanying consolidated financial statements.

14. Net Assets Released from Restrictions

Net assets relating to restricted contributions are released from net assets with donor restrictions to net assets without donor restrictions when the Organization incurs expenses satisfying the restricted purposes, when other events specified by donors occur, or when a time restriction expires.

14. Net Assets Released from Restrictions (Continued)

Satisfaction of program restrictions are as follows for the years ended June 30:

	2022	2021
Building Fund	**$ -**	$ 20,313
Financial Assistance Fund	**322,468**	285,717
Equipment Fund	**30,046**	128,008
Stray Animal and Wildlife Fund	**68,764**	46,586
Animal Assisted Therapy	**70,544**	40,208
Pet Loss	**21,885**	28,352
Other Funds	**43,343**	30,581
Pledges Released from Time Restrictions	**-**	29,644
Total Net Assets Released from Restrictions	**$ 557,050**	$ 609,409

15. Retirement Plan

The Organization sponsors a 403(b) defined contribution retirement plan, The DoveLewis 403(b) Plan (the Plan). Eligible employees may elect to defer a portion of their salary into the Plan. DoveLewis' Board of Directors (the Board) may also decide to have the Organization make a discretionary annual contribution to the Plan. The Organization contributed 3.0% of eligible employees' compensation to the Plan during each of the years ended June 30, 2022 and 2021. All contributions are immediately vested. Plan expenses recognized by the Organization for the years ended June 30, 2022 and 2021 were $251,998 and $293,477 respectively.

16. Leases

In accodance with the adoption of ASC 842, the Organization evaluated current contracts to determine which met the new criteria of a lease. The ROU asset and lease liability as of June 30, 2022, arise from a single operating lease for a mobile magnetic resonance imaging (MRI) machine. Two other leases were identified, however they lacked terms sufficient for determining, with reasonable certainty, the term of the contract, and therefore are not included in the ROU asset or the lease liability as of June 30, 2022.

The ROU asset and liability were calculated using a weighted average discount rate of 2%, which represents the Organizations incremental borrowing rate. As of June 30, 2022, the remaining lease term for the Organizations operating lease was approximately 2 years. Total operating lease expense for the years ended June 30, 2022 and 2021, was $238,154 and $252,184 respectively, which includes other short-term leases.

Future maturities of lease liabilities for the fiscal years ending June 30 are as follows:

2023		$ 180,000
2024		180,000
	Total Lease Payments	360,000
	Less discount to present value	(7,404)
	Total Lease Obligations	**$ 352,596**

16. Leases (Continued)

The Organization leases office equipment under various operating leases expiring through July 2024. Total expenses were $16,056 and $16,438 for the years ended June 30, 2022 and 2021, respectively.

The Organization entered into a sublease agreement for office space beginning in August 2018 and ending in September 2021. The Organization subsequently entered into a lease agreement for the same office space beginning in October 2021 and ending in September 2023. Total expenses were $130,818 and $209,748 for the years ended June 30, 2022 and 2021, respectively. Future maturies of these leases total approximately $107,300 and $25,700 for the years ending June 30, 2023 and 2024, respectively.

17. Paycheck Protection Program Loan

In March 2020, the U.S. Congress passed the Coronavirus Aid, Relief and Economic Security Act (the CARES Act) which provided financial assistance to individuals and businesses in an effort to protect the country from the economic impact of the COVID-19 pandemic. Under the CARES Act, PPP loans were made available to small businesses as a direct incentive to keep their workers on the payroll throughout the crisis. In May 2020, the Organization obtained a PPP loan in the amount of $1,959,741. The Organization elected to adopt the debt model to account for its PPP loan in accordance with the FASB ASC 470, *Debt*. Under the CARES Act, PPP loan recipients can apply for and be granted forgiveness of both the loan and accrued interest based on use of the loan proceeds for payment of eligible expenses during the 24-week coverage period. The Organization received forgiveness from the Small Business Administration in April 2021. Accordingly, the principal balance of the loan as well as the related accrued interest in the amount of $17,718 is reported as gain on forgiveness of PPP loan in the accompanying consolidated statement of activities for the year ended June 30, 2021.

18. Related Party Transactions

The organization paid a $100,000 nonrefundable lease-commitment fee, reported as a deposit on the consolidated statement of financial position, to a business in which a member of the Board of Directors has a material financial interest. This amount will be applied to future monthly rents on a property currently being developed.

19. Concentration Risk

The Organization maintains its operating cash, cash equivalents and short-term investments in five financial institutions. The balances at these financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 and the Securities Investor Protection Corporation (SIPC) up to $250,000 for money market funds and up to $500,000 for all other investments. At times during the year, the Organization may have balances in excess of FDIC and SIPC insurance limits; however, due to the strength of the financial institutions, management believes that the exposure to loss is minimal and remote.

Two vendors represented approximately 66% and 68% of total medical supplies expense for the years ended June 30, 2022 and 2021, respectively.

One and three donors represented approximately 73% and 84% of the total contributions receivable as of June 30, 2022 and 2021, respectively.

20. Subsequent Events

Management has evaluated, for potential recognition or disclosure in the consolidated financial statements, subsequent events that have occurred through October 12, 2022 which is the date that the consolidated financial statements were available to be issued.