

Animal Welfare League of Arlington

Financial Statements
and Independent Auditor's Report

June 30, 2025

Animal Welfare League of Arlington

Financial Statements
June 30, 2025

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INDEPENDENT AUDITOR’S REPORT

To the Board of Directors of
Animal Welfare League of Arlington

Opinion

We have audited the accompanying financial statements of Animal Welfare League of Arlington (“the League”), which comprise the statement of financial position as of June 30, 2025; the related statements of activities, functional expenses, and cash flows for the year then ended; and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the League as of June 30, 2025, 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 the League 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 financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



Vienna, Virginia
April 8, 2026

Animal Welfare League of Arlington

Statement of Financial Position June 30, 2025

Assets	
Cash and cash equivalents	\$ 180,528
Investments	6,041,356
Inventory	7,334
Prepaid expenses	32,587
Property and equipment, net	<u>1,975,817</u>
Total assets	<u><u>\$ 8,237,622</u></u>
Liabilities and Net Assets	
Liabilities	
Accounts payable	\$ 110,471
Accrued expenses	<u>303,215</u>
Total liabilities	<u>413,686</u>
Net Assets	
Without donor restrictions	7,291,642
With donor restrictions	<u>532,294</u>
Total net assets	<u>7,823,936</u>
Total liabilities and net assets	<u><u>\$ 8,237,622</u></u>

Animal Welfare League of Arlington

Statement of Activities For the Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Adoption and educational programs	\$ 450,822	\$ -	\$ 450,822
Arlington County funding	1,841,258	-	1,841,258
Contributions	1,628,849	359,432	1,988,281
In-kind contributions	26,045	-	26,045
Merchandise income, net	22,185	-	22,185
Investment return, net	752,933	-	752,933
Gain on asset disposal	17,000	-	17,000
Employee Retention Credit income	264,490	-	264,490
Released from restrictions	332,322	(332,322)	-
Total revenue and support	5,335,904	27,110	5,363,014
Expenses			
Program services:			
Shelter operations	1,983,152	-	1,983,152
Animal control	743,140	-	743,140
Community services	1,121,328	-	1,121,328
Total program services	3,847,620	-	3,847,620
Supporting services:			
Management and general	1,017,503	-	1,017,503
Fundraising	651,440	-	651,440
Total supporting services	1,668,943	-	1,668,943
Total expenses	5,516,563	-	5,516,563
Change in Net Assets	(180,659)	27,110	(153,549)
Net Assets, beginning of year	7,472,301	505,184	7,977,485
Net Assets, end of year	\$ 7,291,642	\$ 532,294	\$ 7,823,936

See accompanying notes.

Animal Welfare League of Arlington

Statement of Functional Expenses
For the Year Ended June 30, 2025

	Program Services				Supporting Services			Total Expenses
	Shelter Operations	Animal Control	Community Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 1,075,610	\$ 452,888	\$ 424,583	\$ 1,953,081	\$ 566,111	\$ 311,361	\$ 877,472	\$ 2,830,553
Employee benefits	161,623	82,419	109,201	353,243	69,778	48,352	118,130	471,373
Depreciation	154,993	38,748	41,332	235,073	7,750	15,499	23,249	258,322
Medical professional services, grants, and other	-	-	236,160	236,160	-	-	-	236,160
Animal care	206,889	2,337	21,942	231,168	-	-	-	231,168
Repairs and maintenance	101,717	35,072	36,655	173,444	3,203	40,467	43,670	217,114
Payroll taxes	81,222	34,199	32,061	147,482	42,748	23,512	66,260	213,742
Professional services	-	-	65,993	65,993	275,572	5,300	280,872	346,865
Insurance	53,162	22,384	20,985	96,531	27,980	15,389	43,369	139,900
Donation appeals and events	-	-	-	-	-	109,576	109,576	109,576
Utilities	35,538	9,777	11,510	56,825	2,648	5,297	7,945	64,770
Printing and postage	1,664	973	5,783	8,420	303	53,469	53,772	62,192
Telecom and internet	26,999	29,218	3,456	59,673	1,191	1,191	2,382	62,055
Worker's compensation	29,034	8,244	7,760	45,038	485	5,335	5,820	50,858
Training	4,868	10,844	25,994	41,706	20	3,035	3,055	44,761
Donated services	-	-	26,045	26,045	-	-	-	26,045
Taxes, other	23,506	7,137	1,070	31,713	-	-	-	31,713
Humane education	-	-	25,702	25,702	-	-	-	25,702
Miscellaneous	9,059	3,378	6,513	18,950	171	699	870	19,820
Bank/credit card fees	-	-	-	-	16,054	-	16,054	16,054
Office expense and equipment	4,350	3,399	2,003	9,752	3,364	507	3,871	13,623
Payroll processing	6,868	2,123	1,998	10,989	125	1,374	1,499	12,488
Workplace giving	-	-	-	-	-	9,623	9,623	9,623
Microchip expense	6,050	-	2,573	8,623	-	-	-	8,623
Volunteers	-	-	10,588	10,588	-	-	-	10,588
Public relations	-	-	1,421	1,421	-	1,454	1,454	2,875
Total Expenses	\$ 1,983,152	\$ 743,140	\$ 1,121,328	\$ 3,847,620	\$ 1,017,503	\$ 651,440	\$ 1,668,943	\$ 5,516,563

See accompanying notes.

Animal Welfare League of Arlington

Statement of Cash Flows For the Year Ended June 30, 2025

Cash Flows from Operating Activities	
Change in net assets	\$ (153,549)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	258,322
Net realized and unrealized gain on investments	(588,331)
Gain on disposal of property and equipment	(17,000)
Change in operating assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	158,988
Pledges receivable	10,000
Inventory	(4,828)
Prepaid expenses	(21,484)
Decrease in:	
Accounts payable	(56,879)
Accrued expenses	<u>(1,602,508)</u>
Net cash used in operating activities	<u>(2,017,269)</u>
Cash Flows from Investing Activities	
Purchases of property and equipment	(317,154)
Proceeds from the sale of property and equipment	17,000
Purchases of investments	(179,307)
Proceeds from the sale of investments	<u>2,550,000</u>
Net cash provided by investing activities	<u>2,070,539</u>
Net Increase in Cash and Cash Equivalents	53,270
Cash and Cash Equivalents, beginning of year	<u>127,258</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 180,528</u></u>

See accompanying notes.

Animal Welfare League of Arlington

Notes to Financial Statements
June 30, 2025

1. Nature of Operations

Animal Welfare League of Arlington (“the League”) is a humane society that was organized and incorporated on May 16, 1944 in the Commonwealth of Virginia. The League was formed for the purpose of providing for abandoned animals for the County of Arlington, Virginia (“the County”). The League provides contractual services to the County for animal control and sheltering, and educates the public on animal issues. These activities are funded primarily through donor contributions and a contractual operating agreement with Arlington County.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The League’s financial statements and footnotes are prepared in accordance with generally accepted accounting principles in the United States of America (GAAP). Net assets are reported based on the presence or absence of donor-imposed restrictions as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions. These net assets may be used at the discretion of the League’s management and the Board of Directors. The Board of Directors may designate net assets without donor restrictions for specific purposes. See Note 6.
- *Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash Equivalents

For the purpose of reporting cash flows, the League considers as cash equivalents all bank accounts, cash on hand, and petty cash, not held within their investment portfolio, to be cash and cash equivalents.

Animal Welfare League of Arlington

Notes to Financial Statements
June 30, 2025

2. Summary of Significant Accounting Policies (continued)

Investments

Investments are recorded at fair value based on quoted market prices. All interest and dividends, and realized and unrealized gains and losses, less investment fees, are reported as a component of investment return in the accompanying statement of activities.

Inventory

Inventory consists of resale items such as collars, leashes, and pet toys. The inventory items are stated at the lower of cost or net realizable value.

Property and Equipment

Property and equipment acquisitions with a cost in excess of \$1,000 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the individual assets, which range from three to 40 years. Repairs and maintenance costs are expensed as incurred. Donated assets are capitalized at fair market value on the date of donation.

In-Kind Contributions

The League receives various types of in-kind contributions. The value of contributions that enhance a nonfinancial asset or represent contributed services that are specialized in nature are reflected in the accompanying statement of activities as in-kind contributions. In-kind contributions totaled \$26,045 for the year ended June 30, 2025.

Valuation of Long Lived Assets

The League reviews the valuation of long lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of a long lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. Management determined there were no impairment losses to be recognized during the year ended June 30, 2025.

Animal Welfare League of Arlington

Notes to Financial Statements
June 30, 2025

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenue Accounted for in Accordance with Contribution Accounting

Grants and contributions that are nonreciprocal are recognized as revenue when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. The League reports gifts of cash and other assets as restricted support if they are received or promised with donor stipulations that limit the use of the donated funds to one of the League's programs or to a future year. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Conditional contributions contain a donor-imposed condition that represents a barrier that must be overcome before the League is entitled to the assets transferred or promised. Failure to overcome the barrier gives the donor a right of return of the assets it has transferred or gives the promisor a right of release from its obligation to transfer its assets. Conditional contributions are recognized as revenue when donor-imposed barriers are substantially met.

Revenue from Arlington County funding is recognized in the period designated by the County and as earned.

Revenue Accounted for as Contracts with Customers

Revenue from contracts with customers is derived primarily from animal adoptions, educational programs, and merchandise income. Revenue is recognized when the League satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration the League expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, the League combines it with other performance obligations until a distinct bundle of goods or services exists. Amounts and funds received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the accompanying statement of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

Animal Welfare League of Arlington

Notes to Financial Statements
June 30, 2025

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Revenue Accounted for as Contracts with Customers (continued)

Economic factors are driven by customer confidence, employment, inflation, and other world events that impact timing and levels of cash received and revenue recognized by the League. Periods of economic downturn resulting from any of the above factors may result in declines in future cash flows and recognized revenue of the League.

The League did not have any impairment or credit losses on any receivables or contract assets arising from contracts with customers. There were also no incremental costs of obtaining a contract and no significant financing components. Finally, there are no significant changes in the judgments affecting the determination of the amounts and timing of revenue from contracts with customers.

Specifically, for the various types of other revenue, the League recognizes income as follows:

Animal adoptions, educational programs, and merchandise income are recognized at the time products or services are delivered.

Revenue from all other sources is recognized when earned.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Animal Welfare League of Arlington

Notes to Financial Statements
June 30, 2025

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events

In preparing these financial statements, the League has evaluated events and transactions for potential recognition or disclosure through April 8, 2026, the date the financial statements were available to be issued.

3. Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2025:

Cash and cash equivalents	\$ 180,528
Investments	<u>6,041,356</u>
Total financial assets	6,221,884
Less: donor restricted net assets	(532,294)
Less: Board-designated net assets	<u>(2,006,559)</u>
Total available for general expenditures	<u><u>\$ 3,683,031</u></u>

As part of liquidity management, the League has a policy to structure its financial assets to be available for general expenditures, liabilities, and other obligations as they come due. The League invests cash and cash equivalents in short-term investments, including money market accounts and mutual and exchange traded funds so sufficient financial assets are available to cover all of its obligations.

Animal Welfare League of Arlington

Notes to Financial Statements
June 30, 2025

4. Concentrations of Risks

Credit Risk

Financial instruments that potentially subject the League to significant concentrations of credit risk consist of cash and cash equivalents, and investments. The League maintains cash, along with investments, with a financial institution and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The uninsured portions of these accounts are backed solely by the assets of the underlying financial institution. Therefore, the failure of the underlying institution could result in financial loss for the League.

The League has not experienced any credit losses on its cash and cash equivalents, and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of the financial institution and believes that the risk of any credit loss is minimal.

Revenue Risk

The League receives significant funding from the County to provide animal shelter management and animal control services for the County. The League's contract with the County is comprised of five years with mutually agreed upon contract amounts in accordance with County funding. The contract originally expired on June 30, 2023; however, it was subsequently renewed through June 2026.

Funds received from the County for the year ended June 30, 2025 totaled \$1,841,258, which was comprised of \$1,604,367 for the annual contract and additional funding of \$168,988 and \$67,903. County service expenses totaled \$2,726,292 for the year ended June 30, 2025. Because the League received significant funding from the County for operations, the programs and activities of the League could be materially affected if the level of funding from the County is substantially reduced.

Animal Welfare League of Arlington

Notes to Financial Statements
June 30, 2025

5. Investments and Fair Value Measurements

The League follows Financial Accounting Standards Board Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. The League recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

In general, and where applicable, the League uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments. At June 30, 2025, all League investments qualify as Level 1 in the fair value hierarchy.

Net investment return consists of the following for the year ended June 30, 2025:

Interest and dividends	\$	187,894
Realized and unrealized gains		588,331
Less: investment fees		<u>(23,292)</u>
Total investment return, net	\$	<u><u>752,933</u></u>

6. Board-Designated Net Assets

The Board has designated certain funds for general repairs and maintenance and replacement of equipment in the League's building (building fund), and for supporting the expansion or improvements of the animal shelter, and/or other facilities operated by the League.

Animal Welfare League of Arlington

Notes to Financial Statements

June 30, 2025

6. Board-Designated Net Assets (continued)

Board-designated net assets consist of the following for the year ended June 30, 2025:

Building reserve fund	\$ 1,906,559
Wildlife Resource Center fund	<u>100,000</u>
Total Board-designated net assets	<u><u>\$ 2,006,559</u></u>

7. Property and Equipment

The League held the following property and equipment at June 30, 2025:

Building and improvements	\$ 4,741,571
Office equipment	105,151
Trucks and autos	302,846
Kennel equipment	289,680
Construction in progress	<u>266,484</u>
Total property and equipment	5,705,732
Less: accumulated depreciation	<u>(3,729,915)</u>
Property and equipment, net	<u><u>\$ 1,975,817</u></u>

Depreciation expense for the year ended June 30, 2025 totaled \$258,322.

8. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of various funds specifically devoted to promoting medical care to animals and educating the public, as follows:

The AWLA Trap-Neuter-Return Program covers the cost of spaying, neutering, and rabies vaccinations for feral cats in the County and the City of Falls Church.

The Bob and Pat Ragan Humane Education Fund provides financial support for League staff to visit schools, scout troops, and many other community organizations to provide guidance on pet overpopulation, responsible pet ownership, preparing pets for a new baby, bite prevention, coexisting with urban wildlife, and many other important issues affecting animals and people in the Arlington community.

Animal Welfare League of Arlington

Notes to Financial Statements
June 30, 2025

8. Net Assets With Donor Restrictions (continued)

The Healthy Pet Fund is to be used to provide treatment of medical ailments to make animals adoptable as well as provide enrichment in the form of behavioral training or environmental upgrades. The cost of treatment must be outside the scope of the League's normal animal medical behavioral expenses.

The Dr. Cottey Low-Cost Spay/Neuter Fund seeks to reduce pet overpopulation by providing low-cost spay and neuter surgery to pets whose owners cannot afford them.

The Ross-Roberts Veterinary Assistance Fund provides small contributions to pet owners in order to assist in payment for veterinary fees.

The Ross-Roberts Kitten Care Fund support neonatal kitten care training for volunteers and the public. Funds are also used for capital improvements, consultants, equipment, and supplies to operate a neonatal kitten nursery.

The Jean M. Senior Pet Fund provides funds to be used to reimburse adopters for medical and behavioral treatment for designated animals after they have been adopted for a set period.

The Gladys Shulaw Cat Fund is to be used to facilitate the adoption of adult cats, spaying and neutering adult cats, supporting the AWLA Community Cats program (Trap-Neuter-Return), vet assistance for older cats, and the Paws & Read program for cats.

Pet Pantry Fund is to be used to keep pets with their families by providing pet care essentials including food, enrichment items, preventatives, and more.

Wildlife Resource Center Fund is to be used to provide wildlife education, outreach, and emergency field response for wildlife in the County.

Donor restricted grants are used to provide access to low-cost veterinary care, behavioral advice, and pet wellness resources. Funds are also used to fulfill the requirements of grants received from Maddie's Fund, Best Friends Animal Society, and Banfield Charities.

Animal Welfare League of Arlington

Notes to Financial Statements
June 30, 2025

8. Net Assets With Donor Restrictions (continued)

Net assets with donor restrictions were restricted as follows at June 30, 2025:

AWLA Trap-Neuter-Return Program	\$	6,823
Bob and Pat Ragan Humane Education Fund		27,419
Healthy Pet Fund		133,940
Dr. Cottey Low-Cost Spay/Neuter Fund		38,893
Ross-Roberts Veterinary Assistance Fund		39,021
Ross-Roberts Kitten Care Fund		8,446
Jean M. Senior Pet Fund		43,548
Gladys Shulaw Cat Fund		128,016
Pet Pantry Fund		36,991
Wildlife Resource Center Fund		6,111
Donor Restricted Grants		63,086
		<hr/>
Total net assets with donor restrictions	\$	<u>532,294</u>

9. Commitments and Contingencies

Operating Lease

Under a lease signed in January 1997, the County allowed the League to construct, operate, and maintain a building and related structures to be used as an animal control and adoption center on a portion of the County property, rent free, over 30 years. The lease is renewable every 10 years until the expiration of the final lease term in 2027. After the expiration of the final lease term, the League's tenancy on the land will be on a month-to-month basis. The County reserves the right to refuse to recognize such month-to-month tenancy and to seek the League's eviction from the property.

Upon termination of the lease agreement, the County shall pay to the League the depreciated base cost of the improvements erected on the property upon commencement of the lease. The League plans to enter into a new lease agreement with the County upon expiration of the final lease term in 2027. The fair value of the rent attributable to the property cannot be reasonably estimated, and accordingly has not been reflected in the accompanying financial statements. The League must, at its own cost and expense, provide public liability insurance for as long as an agreement remains in effect.

Animal Welfare League of Arlington

Notes to Financial Statements
June 30, 2025

10. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting service. Therefore, certain expenses require allocation on a reasonable basis that is consistently applied. Where feasible, the League charges its expenses directly to specific programs or supporting services. The League also utilizes methodologies to allocate its expenses, such as salaries, employee benefits, payroll taxes, and other expenses, such as depreciation and insurance, on the basis of estimates of time and effort across the specific programs or supporting services.

11. Retirement Plan

The League participates in a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code (IRC). The plan covers all employees who are at least 21 years of age. The League matches up to 7% of each eligible employee's salary. Employer contributions to the plan during the year ended June 30, 2025 totaled \$121,412.

12. Income Taxes

The League is recognized as a tax-exempt organization under IRC Section 501(c)(3) and is exempt from income taxes except for taxes on unrelated business activities. The League has been determined to not be a private foundation. No tax expense is recorded in the accompanying financial statements, as there was no significant net unrelated business taxable income. Management evaluated the League's tax positions and concluded that there are no significant uncertain tax positions that qualify for either recognition or disclosure in the accompanying financial statements. Management has evaluated the League's tax position and concluded that the League had no significant uncertain tax positions at June 30, 2025.