



Alaqua Animal Refuge, Inc.

FINANCIAL STATEMENTS

December 31, 2023





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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of
Alaqua Animal Refuge, Inc.
Freeport, Florida

(850) 837-3141
(850) 654-4619 (fax)
CRIcpa.com

Opinion

We have audited the accompanying financial statements of Alaqua Animal Refuge, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities 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 Alaqua Animal Refuge, Inc. as of December 31, 2023, 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 Alaqua Animal Refuge, Inc. 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 these 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 Alaqua Animal Refuge, Inc.'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 Alaqua Animal Refuge, 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Alaqua Animal Refuge, 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

We have previously audited Alaqua Animal Refuge, Inc.'s 2022 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated February 29, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC
Miramar Beach, Florida
November 18, 2024

Alaqua Animal Refuge
Statement of Financial Position

<i>December 31,</i>	2023	2022
Assets		
Cash and cash equivalents	\$ 1,295,755	\$ 538,374
Prepaid expenses	35,846	32,935
Investments	1,018,022	1,379,835
Inventory	40,557	12,290
Right of use asset	64,023	97,254
Property and equipment, net	8,011,613	7,989,236
Total assets	\$ 10,465,816	\$ 10,049,924
Liabilities and Net Assets		
Accounts payable	\$ 111,044	\$ 116,335
Accrued expenses	6,760	33,245
Lease liability	64,023	97,254
Total liabilities	181,827	246,834
Net assets		
Without donor restrictions	10,250,644	9,657,381
With donor restrictions	33,345	145,709
Total net assets	10,283,989	9,803,090
Total liabilities and net assets	\$ 10,465,816	\$ 10,049,924

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

Alaqua Animal Refuge, Inc.
Statement of Activities

<i>For the year ended December 31,</i>	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Summarized Total
Revenue and Other Support				
Contributions and gifts	\$ 3,308,235	\$ 5,000	\$ 3,313,235	\$ 1,754,691
Grants	397,800	-	397,800	525,766
Adoption fees	73,768	-	73,768	119,430
Investment loss, net	32,591	-	32,591	(279,482)
Dividend and interest income	28,790	-	28,790	80,011
Fundraising	497,979	-	497,979	157,184
Other income	63,922	-	63,922	14,990
Net assets released from restrictions	117,364	(117,364)	-	-
Total revenue and other support	4,520,449	(112,364)	4,408,085	2,372,590
Expenses				
<i>Program services</i>				
Animal care and outreach	3,065,958	-	3,065,958	2,512,995
Total program services	3,065,958	-	3,065,958	2,512,995
<i>Supporting services</i>				
General and administrative	422,112	-	422,112	442,411
Fundraising	439,116	-	439,116	379,440
Total supporting services	861,228	-	861,228	821,851
Total expenses	3,927,186	-	3,927,186	3,334,846
Change in net assets	593,263	(112,364)	480,899	(962,256)
Net assets at beginning of year	9,657,381	145,709	9,803,090	10,765,346
Net assets at end of year	\$ 10,250,644	\$ 33,345	\$ 10,283,989	\$ 9,803,090

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

Alaqua Animal Refuge, Inc.
Statement of Functional Expenses

<i>For the year ended December 31,</i>	Program Services	Supporting Services		2023 Total	Summarized 2022 Total
	Animal Care and Outreach	General and Administrative	Fundraising		
Salaries and benefits	\$ 1,302,334	\$ 155,239	\$ 132,240	\$ 1,589,813	\$ 1,380,127
Payroll taxes	173,303	26,510	22,580	222,393	194,740
Advertising and marketing	-	-	103,845	103,845	217,873
Animal supplies and medical care	456,055	-	-	456,055	382,545
Bank fees	-	20,162	-	20,162	26,601
Depreciation	590,635	-	-	590,635	329,950
Dues and fees	37,669	-	-	37,669	23,512
Fundraising	-	-	180,451	180,451	40,371
Insurance	55,182	-	-	55,182	33,802
Interest expense	-	566	-	566	-
Maintenance	256,641	-	-	256,641	167,195
Office	-	112,189	-	112,189	168,828
Other	-	68,316	-	68,316	64,769
Professional services	69,978	-	-	69,978	149,133
Rent	30,000	6,000	-	36,000	36,000
Telephone & Internet	33,130	33,130	-	66,260	67,880
Utilities	61,031	-	-	61,031	51,520
Total	\$ 3,065,958	\$ 422,112	\$ 439,116	\$ 3,927,186	\$ 3,334,846

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

Alaqua Animal Refuge, Inc.
Statement of Cash Flows

<i>For the year ended December 31,</i>	2023	2022
Operating Activities		
Change in net assets	\$ 480,899	\$ (962,256)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	590,635	329,950
Unrealized and realized loss (gain) on investments	(32,591)	279,482
Changes in operating assets and liabilities		
Inventory	(28,267)	(12,290)
Prepaid expenses	(2,911)	6,667
Accounts payable	(5,291)	28,344
Accrued expenses	(26,485)	6,091
Net cash provided (used) by operating activities	975,989	(324,012)
Investing Activities		
Purchase of property and equipment	(613,012)	(2,256,448)
Sale of investments	394,404	2,111,663
Net cash provided (used) by investing activities	(218,608)	(144,785)
Net change in cash and cash equivalents	757,381	(468,797)
Cash and cash equivalents at beginning of year	538,374	1,007,171
Cash and cash equivalents at end of year	\$ 1,295,755	\$ 538,374

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

Note 1: DESCRIPTION OF THE ORGANIZATION

Alaqua Animal Refuge, Inc. ("Alaqua") was established April 24, 2007 as a Florida nonprofit organization to advocate the general welfare and humane treatment of animals by providing shelter, prevention of pet overpopulation and adoption services. Alaqua is located in Freeport, Florida and receives financial support primarily through private grants and donations. Alaqua conducts the following programs:

Animal Care and Outreach – Alaqua provides treatment and shelter to a variety of animals

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs). The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Alaqua's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to contributions of non-financial assets and allocation of functional expenses.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Restricted Cash

Restricted cash included in non-current assets on the statement of financial position represents amounts pledged as collateral for long-term financing arrangements as contractually required by a lender. The restriction will lapse when the related long-term debt is paid off.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable represent amounts owed to Alaqua which are expected to be collected within twelve months and are presented in the statements of financial position net of the allowance for credit losses.

Allowance for Credit Losses

Management evaluates its receivables on an ongoing basis by analyzing customer relationships and previous payment histories. The allowance for credit losses is management's best estimate of the amount of expected credit losses in the existing accounts based on current market conditions. Historically, losses on uncollectible accounts have been within management's expectations. The allowance for credit losses is reviewed on a periodic basis to ensure there is sufficient reserve to cover any potential credit losses.

When receivables are considered uncollectible, they are charged against the allowance for credit losses. Collections on accounts previously written off are included in the change in net assets as received.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items on the Balance Sheet. These items will be expensed over the applicable usage periods.

Investments

Alaqua reports investments in mutual funds with readily determinable fair values and all investments in at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Inventory

Inventory consists of retail goods offered for sale which are stated at the lower of cost or net realizable value, with the cost determined using the first-in, first-out (FIFO) basis. When evidence exists that the net realizable value of inventory is lower than its costs, the difference is recognize as a loss in the statement of activities in the period in which it occurs.

Alaqua Animal Refuge, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Leases

Alaqua leases land for its operations. Alaqua determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities the statements of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on the statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, Alaqua uses its incremental borrowing rate or a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that Alaqua will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Net Assets

Alaqua reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of Alaqua, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The governing board has not designated any restrictions on net assets without donor restrictions.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition

Donations, grants, adoption fees, fundraising, and other sources of income are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Donated Assets

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

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the organization. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to salaries and benefits are allocated based on actual percentages of time spent in each functional area.

Advertising

Alaqua uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the year ended December 31, 2023 advertising costs totaled \$103,845.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, Alaqua is exempt from taxes on income other than unrelated business income. Alaqua had no net unrelated business income for the year ending December 31, 2023. Thus, the organization has no income tax expense for 2023.

Alaqua utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities.

It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2023, Alaqua has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements. Alaqua believes it is no longer subject to income tax examinations for years prior to 2020.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued November 18, 2024. See Note 12 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which is often referred to as the CECL model, or current expected credit losses. Among other things, the amendments in this ASU require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. Many of the loss estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration.

Alaqua adopted ASU 2016-13 on January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only. Please refer to accounts receivables policy.

Alaqua Animal Refuge, Inc.
Notes to Financial Statements

Note 3: FINANCIAL ASSET AVAILABILITY

Alaqua maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as Alaqua's expenditures come due. The following reflects Alaqua's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

<i>December 31,</i>	2023
Financial assets, at year-end	\$ 2,313,777
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions	
Restricted by donor with time or purpose restrictions	(33,345)
Financial assets available to meet cash needs for general expenditures	<u>\$ 2,280,432</u>

Financial assets at year-end as noted in the above schedule exclude prepaid expenses, right of use assets, property and equipment, and inventory.

Note 4: INVESTMENTS

Investments in marketable securities consist of the following:

<i>December 31, 2023</i>	Cost	Market Value
U.S. Treasury bills	\$ 980,852	\$ 993,031
Alternative investments	24,408	24,991
Total investments	<u>\$ 1,005,260</u>	<u>\$ 1,018,022</u>

Alaqua Animal Refuge, Inc.
Notes to Financial Statements

Note 5: PROPERTY AND EQUIPMENT

The components of property and equipment at December 31, 2023 are as follows:

<i>December 31</i>	Estimated Useful Lives (in years)	2023
Buildings and improvements	14 - 27	\$ 8,688,447
Furniture, Fixtures, Equipment	4 - 6	161,879
Automobiles	4	40,877
		8,891,203
Less accumulated depreciation		(1,603,043)
		7,288,160
Land		579,998
Construction in progress		143,455
Property and equipment, net		\$ 8,011,613

Depreciation expense for the year ended December 31, 2023 amounted to \$590,635.

Note 6: NET ASSETS

A summary of net assets with donor restrictions follows:

<i>December 31,</i>	2023
Purpose restricted	
Education grant	\$ 14,560
Expansion	18,785
Total net assets with donor restrictions	\$ 33,345

Note 7: REVENUE

Approximately 84% of Alaqua's revenue consists of contributions and gifts, donations, and grants. These items are not subject to ASC Topic 606. Alaqua also obtains adoption fees at the point in time when an adoption occurs. Alaqua will also hold various fundraising events throughout the year which may include an admission fee. When applicable, admission fees will be recorded at the point in time when the fundraising event occurs. The remaining amount of revenue is primarily investment gains and interest income which are also not subject to ASC Topic 606.

Note 8: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

Quoted prices for similar assets or liabilities in active markets;
Quoted prices for identical or similar assets or liabilities in inactive markets; Inputs, other than quoted prices, that are: observable; or can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023.

U.S. Treasury Bills: Valued at the daily closing price as reported on the active market on which the U.S. Treasury bills are traded.

Alternative Investments: Consists of various investments where market pricing is not readily available. Restriction withdrawals apply.

BlackRock Hedge Fund Guided Portfolio Solution invests in unaffiliated hedge funds using a variety of strategies including event-driven, equity hedge, macro, and relative value. The underlying funds are not categorized within the fair value hierarchy. The Fund may from time to time offer to repurchase shares pursuant to written tender offers from shareholders at such terms as the Fund may determine. The Fund is not required to offer to repurchase shares.

Note 8: FAIR VALUE MEASUREMENTS (Continued)

Partners Group Private Equity (Master Fund) invests primarily in unaffiliated funds which invest in private equity. A small portion of the portfolio is invested in direct public equity investments which were used as the basis for testing. The Fund has a credit facility available. At management's sole discretion periodic tender offers may be made for repurchase of shares, up to a limit of 5% of outstanding shares in any quarter.

Starwood Real Estate Income Trust, Inc. Fund invest in real estate securities on a global basis. The Fund offers a share repurchase plan whereby shareholders may request monthly that the fund repurchase their shares; the Fund may choose to repurchase none, some or all shares tendered, subject to the share repurchase plan caps of 2% of monthly NAV or 5% of quarterly NAV. Shares tendered for repurchase less than 1 year after purchase will be subject to a 5% redemption fee. Due to the illiquidity of the Fund's holdings, the Fund may lack sufficient liquidity to repurchase shares tendered and may reject repurchase requests.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Alaqua believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Assets and liabilities measured at fair value on a recurring basis are summarized for the years ended December 31, 2023:

<i>December 31, 2023</i>	Level 1		Level 2		Level 3		Total
U.S. Treasury bills	\$	993,031	\$	-	\$	-	\$ 993,031
Alternative Investments		-		-		24,991	24,991
Total investments	\$	993,031	\$	-	\$	24,991	\$ 1,018,022

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the year ended December 31, 2023, there were no significant transfers in or out of Levels 1, 2, or 3.

Alaqua Animal Refuge, Inc.
Notes to Financial Statements

Note 9: LEASES

Alaqua has an operating lease for land which is utilized for operations. The lease has remaining lease term of approximately 2 years. As of December 31, 2023, assets recorded under operating leases were \$64,023.

The components of lease expense consist of the following:

<i>For the year ended December 31,</i>	2023
Operating lease cost	\$ 36,000
Supplemental cash flows information	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 36,000
Right-of-use assets obtained in exchange for lease obligations	
Operating leases	\$ 64,023
Weighted average remaining lease term (in years)	
Operating leases	1.83 years
Weighted average discount rate	
Operating leases	3.50%
<i>For the year ending December 31,</i>	Operating Leases
2024	\$ 36,000
2025	30,000
Total future minimum lease payments	66,000
Less imputed interest	(1,977)
Present value of lease liabilities	\$ 64,023
Reported as of December 31,	2023
Operating lease liabilities - current	\$ 36,000
Operating lease liabilities - noncurrent	28,023
Total	\$ 64,023

Alaqua Animal Refuge, Inc.
Notes to Financial Statements

Note 10: CONCENTRATIONS

Alaqua maintains cash with a financial institution in excess of the FDIC limit of \$250,000 by \$866,265 at December 31, 2023.

Alaqua receives the majority of its support from individuals and companies located in the Florida Panhandle. Since Alaqua receives a substantial amount of its support from one geographic area, a significant reduction in the level of this support, if it were to occur, may have an effect on its activities.

Note 11: RELATED PARTY

Portland Pastures LLC - On November 13, 2020, Alaqua renewed a lease agreement with Portland Pastures, which is owned by the President of Alaqua, to lease land utilized for the animal refuge. The lease ends October 31, 2025. The lease agreement requires \$3,000 a month. See Note 9 for additional lease details.

Note 12: SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2023, Alaqua entered into a contract in March 2024 for the construction of a new pole barn. The total contract sum is \$269,841, and work is expected to be completed in 2025.

Note 13: LINE OF CREDIT

Alaqua maintains a line of credit agreement with a financial institution. Available borrowings related to the agreement are \$400,000, with an interest rate of 8.00%. The credit line expires in 2025 and renews annually. The outstanding balance as of December 31, 2023 was \$0.

Alaqua maintains a second line of credit agreement with a financial institution. Available borrowings related to the agreement are \$100,000, with an interest rate of 9.5%. The credit line expires in 2024 and renews annually. The outstanding balance as of December 31, 2023 was \$0.