

**LITTLE SHELTER ANIMAL ADOPTION
CENTER INC.**

AUDITED FINANCIAL STATEMENTS

For the year ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Little Shelter Animal Adoption Center, Inc.:

We have audited the accompanying financial statements of Little Shelter Animal Adoption Center, Inc. (the "Organization", a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and the related statements of activities and changes in net assets, 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 Little Shelter Animal Adoption Center, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Little Shelter Animal Adoption Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our audits. 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 Little Shelter Animal Adoption Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



Kalmus, Siegel, Harris & Goldfarb, LLP

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, including omissions, 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 Little Shelter Animal Adoption Center, 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 Little Shelter Animal Adoption Center, 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.

Kalmus, Siegel, Harris & Goldfarb, LLP

Garden City, New York

October 25, 2022

LITTLE SHELTER ANIMAL ADOPTION CENTER INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents - unrestricted	\$ 868,607
Investments	1,745,660
Employee loan receivable	50
Prepaid expenses and other receivables	47,199
	<u>2,661,516</u>

LAND, BUILDINGS AND EQUIPMENT (NET) 507,771

OTHER ASSETS

Architect and design costs (See note 8) 103,914

TOTAL ASSETS \$ 3,273,201

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts and accrued expenses payable	\$ 76,673
Deferred revenue	72,000
	<u>148,673</u>

NET ASSETS

Unrestricted	3,124,528
Temporarily restricted	-
	<u>3,124,528</u>

TOTAL LIABILITIES AND NET ASSETS \$ 3,273,201

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

LITTLE SHELTER ANIMAL ADOPTION CENTER INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended December 31, 2021

	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
REVENUES AND OTHER SUPPORT:			
Support from the public:			
Contributions	\$ 1,934,124	\$ 1,934,124	\$ -
Bequests	846,112	841,112	5,000
Grants from organizations	122,400	114,900	7,500
PPP Forgiveness	661,830	661,830	-
Program service fees	162,126	162,126	-
Special event activities, net of direct expenses	45,739	45,739	-
Total support from the public	<u>3,772,331</u>	<u>3,759,831</u>	<u>12,500</u>
Investment income:			
Interest income	21,546	21,546	-
Dividend income	17,069	17,069	-
Total investment income	<u>38,615</u>	<u>38,615</u>	<u>-</u>
Other income:			
Miscellaneous income	1,722	1,722	-
	<u>1,722</u>	<u>1,722</u>	<u>-</u>
TOTAL REVENUES AND OTHER SUPPORT	3,812,668	3,800,168	12,500
PROGRAM AND SUPPORTING SERVICES EXPENSES:			
Program services:			
Little Shelter Animal Adoption Center	2,481,240	2,481,240	-
Animal Welfare Education	140,113	140,113	-
Feral Cat Program	53,881	53,881	-
Town of Huntington Cat Shelter	22,034	22,034	-
Dog Sanctuary	41,991	41,991	-
Total program services	<u>2,739,259</u>	<u>2,739,259</u>	<u>-</u>
Supporting services:			
Fund raising	149,749	149,749	-
Management and general	117,621	117,621	-
Total supporting services	<u>267,370</u>	<u>267,370</u>	<u>-</u>
TOTAL PROGRAM & SUPPORTING SERVICES EXPENSES	<u>3,006,629</u>	<u>3,006,629</u>	<u>-</u>
CHANGE IN NET ASSETS FROM OPERATIONS	806,039	793,539	12,500
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	248,955	248,955	-
NET ASSETS, BEGINNING OF YEAR	2,069,534	2,069,534	-
NET ASSETS RELEASED FROM RESTRICTIONS	<u>-</u>	<u>12,500</u>	<u>(12,500)</u>
NET ASSETS, END OF YEAR	<u>\$ 3,124,528</u>	<u>\$ 3,124,528</u>	<u>\$ -</u>

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

LITTLE SHELTER ANIMAL ADOPTION CENTER INC.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 806,039
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	25,626
(Increase) Decrease in current assets	
Prepaid expenses and other receivables	11,309
Employee loans	(50)
Increase (Decrease) in current liabilities	
Accounts and accrued expenses payable	(29,703)
Deferred revenue	12,000
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>825,221</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Improvements	(10,381)
Architect and design costs	(26,804)
Purchase of long term investments	(903,315)
Proceeds from sales of long term investments	901,237
NET CASH USED BY INVESTING ACTIVITIES	<u>(39,263)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Forgiveness of Payroll protection program loan	(325,000)
NET CASH USED BY FINANCING ACTIVITIES	<u>(325,000)</u>
NET INCREASE IN CASH & CASH EQUIVALENTS	460,958
BEGINNING CASH & CASH EQUIVALENTS	<u>407,649</u>
ENDING CASH & CASH EQUIVALENTS	<u><u>\$ 868,607</u></u>

Supplemental disclosures for cash flow information:

Cash paid during the year for:

Interest	\$ -
Income taxes	\$ -

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

LITTLE SHELTER ANIMAL ADOPTION CENTER INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2021

	<u>Total</u>	<u>Program Services</u>	<u>Management & General</u>	<u>Fund Raising</u>
Salaries	\$ 1,714,097	\$ 1,704,049	\$ 10,048	\$ -
Payroll Taxes	156,669	155,476	1,193	-
Total Salaries and Related Expenses	<u>1,870,766</u>	<u>1,859,525</u>	<u>11,241</u>	<u>-</u>
Professional fund raising fees	12,000	-	-	12,000
Advertising	5,928	4,554	225	1,149
Bank and credit card fees	24,649	-	8,936	15,713
Rubbish removal & janitorial	13,018	13,018	-	-
Depreciation expense	25,626	25,626	-	-
Educational materials and mailings	140,113	140,113	-	-
Insurance	47,685	45,488	2,197	-
Employee health benefits	95,402	94,235	1,167	-
Shelter supplies and expenses	93,723	93,723	-	-
Licenses, dues, subscriptions, & registrations	1,900	947	634	319
Printing and mailing expenses	66,326	-	-	66,326
Medical-Veterinarian	256,312	256,312	-	-
Office and miscellaneous expenses	6,938	-	4,765	2,173
Computer expenses	29,455	-	29,455	-
Repairs and maintenance	33,447	33,447	-	-
Payroll service fees	13,940	13,858	82	-
Postage	14,640	-	7,174	7,466
Telephone	4,191	2,095	1,048	1,048
Utilities	29,194	29,194	-	-
Legal and professional fees	21,396	-	12,190	9,206
Feral cat expenses	53,881	53,881	-	-
Passage to Freedom Program	9,218	9,218	-	-
Volunteer program services	633	-	633	-
Fulfillment services	27,849	-	-	27,849
Bookkeeping expenses	37,560	-	37,560	-
Dog sanctuary	42,155	41,991	164	-
Town of Huntington Cat Shelter	22,034	22,034	-	-
Sweepstakes winners	6,500	-	-	6,500
Charitable contribution	150	-	150	-
	<u>\$ 3,006,629</u>	<u>\$ 2,739,259</u>	<u>\$ 117,621</u>	<u>\$ 149,749</u>

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

LITTLE SHELTER ANIMAL ADOPTION CENTER INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 1 – ORGANIZATION AND TAX STATUS

Little Shelter Animal Adoption Center Inc. (“the Shelter”) (www.littleshelter.org) is a non-profit, no kill animal shelter located on six wooded acres in Huntington, New York. It was organized under the name of Huntington Dog Club Inc. in New York in 1929 as a nonprofit corporation for the purpose of sheltering stray, abused and abandoned animals. In January 2000 the corporation legally changed its name.

Services provided include food, shelter, medical care and finding homes for the animals. The Shelter is located on property owned by Little Shelter Animal Adoption Center Inc. Little Shelter was the first organization outside New York City to be a member of the Mayor’s Alliance for NYC animals.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of Little Shelter Animal Adoption Center Inc. have been prepared on the accrual basis of accounting. Contributions are recorded when received unless susceptible to accrual.

BASIS OF PRESENTATION

The Shelter has adopted (FASB ASC 958, formerly SFAS117), Financial Statements of Not-For-Profit-Shelters. Under FASB ASC 958, the Shelter is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted assets and permanently restricted net assets. The Shelter has no permanently restricted net assets.

Unrestricted net assets represent the part of net assets that are neither permanently restricted nor temporarily restricted by donor imposed time or purpose stipulations.

NET ASSET CATEGORIES

Unrestricted net assets – represents resources available for use to support the Shelter’s core activities of sheltering stray, abused and abandoned animals over which the Board of Directors has discretionary control.

Temporarily restricted net assets – represents contributions that carry restrictions that expire upon the passage of a prescribed period or upon the occurrence of a stated event as specified by the donor. When such stipulations end or are fulfilled, such temporarily restricted net assets are reported in the statement of activities and changes in net assets as net assets released from restrictions.

Permanently restricted net assets - represents those resources subject to donor imposed stipulations that should be maintained intact in perpetuity.

INCOME TAXES

The Shelter is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and from New York State Income Taxes under Article 7-A of the Executive Law.

LITTLE SHELTER ANIMAL ADOPTION CENTER INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

REVENUE RECOGNITION

Contributions are recorded based upon donor restrictions in the appropriate net asset category at the time the pledge is made. When the donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of demand deposits with financial institutions and highly liquid money market funds.

INVESTMENTS AND FAIR VALUE MEASUREMENTS

The shelter reports its investments at fair value. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels.

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment are stated at cost less accumulated depreciation. Depreciation is computed on a straight-line basis over an estimated useful life ranging from 5 to 40 years. Maintenance and repairs are charged to expense as incurred. Major renewals and betterments that extend the useful lives of property and equipment are capitalized.

CONCENTRATIONS OF CREDIT RISK

The Shelter maintains its cash balances at several financial institutions. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2021, \$244,315 was uninsured. To minimize risk cash accounts are placed with high quality financial institutions.

LITTLE SHELTER ANIMAL ADOPTION CENTER INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

CONTRIBUTED SERVICES

The Shelter receives donated services from a variety of unpaid volunteers assisting the Shelter with various events and programs. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort has not been satisfied under generally accepted accounting principles.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 – INVESTMENTS

Investment income is comprised of the following:

Dividend and interest	\$ 38,615
Realized gains on investments	123,451
Unrealized gains on investments	<u>125,504</u>
Net investment income	<u>\$ 287,570</u>

In determining the fair value of its investments, the Shelter utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value (see Note 2 “Fair Value Measurements”)

Investments are carried at fair value at December 31, 2021 as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equity securities	\$ 1,709,519	\$ -	\$ 1,709,519
Real estate investment trusts	<u>-</u>	<u>36,141</u>	<u>36,141</u>
Total	<u>\$ 1,709,519</u>	<u>\$ 36,141</u>	<u>\$ 1,745,660</u>

LITTLE SHELTER ANIMAL ADOPTION CENTER INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 4 – COMMITMENTS

The Shelter entered into an agreement with Expert Processing for the processing of its direct mail. The contract is effective through December 31, 2023. The Shelter has minimum obligations under the agreement as follows:

<u>Year</u>	<u>Amount</u>
2022	9,600
2023	9,600

The Shelter has obligations under operating leases with initial terms in excess of one year. Minimum aggregate annual rentals for equipment through February 28, 2023 are approximately listed below:

<u>Year</u>	<u>Amount</u>
2022	3,464
2023	577

The Shelter entered into an agreement with Newport One as a direct mail consultant. The agreement is effective through March 31, 2022. The Shelter has minimum obligations under the agreement as follows:

<u>Year</u>	<u>Amount</u>
2022	3,000

NOTE 5 – TEMPORARILY RESTRICTED ASSETS

The Shelter received one bequest and four grants totaling \$12,500 in 2021 which was restricted to support the multiple program services. All of the monies were used for the programs during 2021. At the beginning and the end of 2021 there were no funds classified as temporarily restricted.

NOTE 6 – ALLOCATION OF JOINT COSTS

The costs of providing the various programs, fund raising and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and fund raising activities benefited.

During 2021, the Shelter conducted program activities that also included requests for contributions. Those activities included direct mail campaigns. The costs of those activities included a total of \$147,694 of joint costs, which were not specifically identifiable to either the program component or the fund raising component of the activities. These joint costs were allocated \$98,463 to program activities and \$49,231 to fundraising.

LITTLE SHELTER ANIMAL ADOPTION CENTER INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 7 – DESCRIPTION OF PROGRAMS

The Shelter is dedicated to saving animals from kill shelters and providing education to the public to properly care for pets in their homes and communities. The Shelter hopes to end pet overpopulation and place animals in loving homes.

Dog Sanctuary – established as a lifetime care facility on 110 acres in Lisle, New York for those dogs who have been overlooked for adoption for behavioral or medical reasons. Provides a place where these animals can live their lives in comfort, with love and dignity.

Feral Cat Program – temporarily removes cats from their colonies, brings them to cooperating veterinarians for examination, vaccination and sterilization, and then returns these cats to their original location.

Animal Welfare Education – through informative mailings, addresses the problems that create overpopulation, the importance of spaying and neutering and pet responsibility. Have an active education program that goes into schools and shelters. Also participate in various community events and hosts many events at the Shelter.

Little Shelter Animal Adoption Center – majority of the animals have been rescued from kill shelters on Long Island and New York City. These animals then receive the highest quality medical care, are spay/neutered, socialized, rehabilitated and loved until adoption.

NOTE 8 – CONSTRUCTION PROJECT

The shelter has hired architecture firms for the design, construction document preparation, and bidding/negotiation of the project with a building contractor. The architecture design and soft costs are capitalized as other assets on the balance sheet.

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 25, 2022, the date the financial statements were available to be issued. In December 2019, an outbreak of a novel strain of coronavirus (“COVID-19”) emerged globally. Although it is not possible to reliably estimate the length or severity of this outbreak and hence its financial impact, the business could be materially and possibly adversely affected by the risks, or the public perception of the risks, related to the recent outbreak of COVID-19. In addition, there have been calls from federal, state and local authorities regarding closures which could negatively impact the Association’s business. The extent of the impact of COVID-19 on the Association’s operational and financial performance will depend on future developments, including the duration and spread of the outbreak.