

**LITTLE SHELTER ANIMAL ADOPTION
CENTER INC.**

AUDITED FINANCIAL STATEMENTS

For the year ended December 31, 2020

TABLE OF CONTENTS

	Page No.
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Cash Flows	4
Statement of Functional Expenses	5
Notes to Financial Statements	6 – 10



Kalmus, Siegel, Harris & Goldfarb, LLP

Certified Public Accountants

A Partnership Including Professional Corporations

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Little Shelter Animal Adoption Center, Inc.
Huntington, New York 11743

Report of the Financial Statements

We have audited the accompanying financial statements of Little Shelter Animal Adoption Center, Inc. (a New York not-for-profit corporation) (the Organization), which comprise the statement of financial position as of December 31, 2020 and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2020, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Kalmus, Siegel, Harris & Goldfarb, LLP

Kalmus, Siegel, Harris & Goldfarb, LLP

October 22, 2021

LITTLE SHELTER ANIMAL ADOPTION CENTER INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents - unrestricted	\$ 407,649
Investments	1,494,628
Prepaid expenses and other receivables	58,508
	<u>1,960,785</u>

LAND, BUILDINGS AND EQUIPMENT (NET)	523,015
-------------------------------------	---------

OTHER ASSETS

Architect and design costs (See note 8)	<u>77,110</u>
---	---------------

TOTAL ASSETS	<u><u>\$ 2,560,910</u></u>
--------------	----------------------------

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts and accrued expenses payable	\$ 106,376
Deferred revenue	60,000
	<u>166,376</u>

LONG TERM LIABILITIES

Payroll protection program loan	325,000
---------------------------------	---------

NET ASSETS

Unrestricted	2,069,534
Temporarily restricted	-
	<u>2,069,534</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,560,910</u></u>
----------------------------------	----------------------------

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, 2020

	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
REVENUES AND OTHER SUPPORT:			
Support from the public:			
Contributions	\$ 1,982,025	\$ 1,982,025	\$ -
Bequests	258,944	258,944	-
Grants from organizations	96,867	91,867	5,000
Program service fees	123,183	123,183	-
Special event activities, net of direct expenses	60,633	60,633	-
Total support from the public	<u>2,521,652</u>	<u>2,516,652</u>	<u>5,000</u>
Investment income:			
Interest income	22,036	22,036	-
Dividend income	14,220	14,220	-
Total investment income	<u>36,256</u>	<u>36,256</u>	<u>-</u>
Other income:			
Miscellaneous income	2,579	2,579	-
	<u>2,579</u>	<u>2,579</u>	<u>-</u>
TOTAL REVENUES AND OTHER SUPPORT	2,560,487	2,555,487	5,000
PROGRAM AND SUPPORTING SERVICES EXPENSES:			
Program services:			
Little Shelter Animal Adoption Center	2,382,281	2,382,281	-
Animal Welfare Education	177,921	177,921	-
Feral Cat Program	46,432	46,432	-
Town of Huntington Cat Shelter	26,220	26,220	-
Dog Sanctuary	43,482	43,482	-
Total program services	<u>2,676,336</u>	<u>2,676,336</u>	<u>-</u>
Supporting services:			
Fund raising	165,728	165,728	-
Management and general	109,052	109,052	-
Total supporting services	<u>274,780</u>	<u>274,780</u>	<u>-</u>
TOTAL PROGRAM & SUPPORTING SERVICES EXPENSES	<u>2,951,116</u>	<u>2,951,116</u>	<u>-</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(390,629)	(395,629)	5,000
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	263,610	263,610	-
NET ASSETS, BEGINNING OF YEAR	2,196,553	2,196,553	-
NET ASSETS RELEASED FROM RESTRICTIONS	<u>-</u>	<u>5,000</u>	<u>(5,000)</u>
NET ASSETS, END OF YEAR	<u><u>\$ 2,069,534</u></u>	<u><u>\$ 2,069,534</u></u>	<u><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, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (390,629)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	26,289
(Increase) Decrease in current assets	
Prepaid expenses and other receivables	(14,048)
Employee loans	2,000
Increase (Decrease) in current liabilities	
Accounts and accrued expenses payable	(517,582)
Deferred revenue	2,500
NET CASH USED BY OPERATING ACTIVITIES	<u>(891,470)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Architect and design costs	(77,110)
Purchase of long term investments	(353,441)
Proceeds from sales of long term investments	260,511
Sale of donated property	16,936
NET CASH USED BY INVESTING ACTIVITIES	<u>(153,104)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payroll protection program loan	325,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>325,000</u>

NET DECREASE IN CASH & CASH EQUIVALENTS (719,574)

BEGINNING CASH & CASH EQUIVALENTS 1,127,223

ENDING CASH & CASH EQUIVALENTS \$ 407,649

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, 2020

	<u>Total</u>	<u>Program Services</u>	<u>Management & General</u>	<u>Fund Raising</u>
Salaries	\$ 1,616,822	\$ 1,606,600	\$ 10,222	\$ -
Payroll Taxes	137,661	136,845	816	-
Total Salaries and Related Expenses	<u>1,754,483</u>	<u>1,743,445</u>	<u>11,038</u>	<u>-</u>
Professional fund raising fees	12,000	-	-	12,000
Advertising	826	450	190	186
Bank and credit card fees	22,102	-	-	22,102
Rubbish removal & janitorial	9,774	9,774	-	-
Depreciation expense	26,289	26,289	-	-
Educational materials and mailings	177,921	177,921	-	-
Insurance	46,854	44,653	2,201	-
Employee health benefits	88,735	87,636	1,099	-
Shelter supplies and expenses	96,776	96,776	-	-
Licenses, dues, subscriptions, & registrations	5,823	550	905	4,368
Printing and mailing expenses	76,011	-	-	76,011
Medical-Veterinarian	242,712	242,712	-	-
Office and miscellaneous expenses	13,247	1,782	8,434	3,031
Computer expenses	25,759	-	25,759	-
Repairs and maintenance	30,817	30,817	-	-
Payroll service fees	14,697	14,697	-	-
Postage	15,141	-	9,155	5,986
Telephone	4,327	2,163	1,082	1,082
Utilities	31,409	31,409	-	-
Legal and professional fees	53,622	39,039	10,695	3,888
Feral cat expenses	46,432	46,432	-	-
Passage to Freedom Program	10,089	10,089	-	-
Volunteer program services	466	-	466	-
Fulfillment services	32,224	-	-	32,224
Bookkeeping expenses	37,560	-	37,560	-
Dog sanctuary	43,800	43,482	318	-
Town of Huntington Cat Shelter	26,220	26,220	-	-
Sweepstakes winners	4,850	-	-	4,850
Charitable contribution	150	-	150	-
	<u>\$ 2,951,116</u>	<u>\$ 2,676,336</u>	<u>\$ 109,052</u>	<u>\$ 165,728</u>

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

LITTLE SHELTER ANIMAL ADOPTION CENTER INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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 is also one of the shelters outside New York City that is part 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, 2020

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, 2020, no account 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, 2020

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. The Shelter received pro bono legal services of \$39,039 which is included in donations.

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	\$ 36,256
Realized gains on investments	38,286
Unrealized gains on investments	<u>225,324</u>
Net investment income	<u>\$ 299,866</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, 2020 as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equity securities	\$ 1,458,905	\$ -	\$ 1,458,905
Real estate investment trusts	<u>-</u>	<u>35,723</u>	<u>35,723</u>
Total	<u>\$ 1,458,905</u>	<u>\$ 35,723</u>	<u>\$ 1,494,628</u>

LITTLE SHELTER ANIMAL ADOPTION CENTER INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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>
2021	9,600
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>
2021	3,464
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>
2021	12,000
2022	3,000

NOTE 5 – TEMPORARILY RESTRICTED ASSETS

The Shelter received a grant of \$5,000 in 2020 which was restricted to support the Passage to Freedom Program service. All of the grant was used for the program during 2020. At the beginning and the end of 2020 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 2020, 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 \$181,258 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 \$120,839 to program activities and \$60,419 to fundraising.

LITTLE SHELTER ANIMAL ADOPTION CENTER INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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, 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 22, 2021, 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.