

ANIMAL HAVEN, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020

ANIMAL HAVEN, INC.

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DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Animal Haven, Inc.
New York, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Animal Haven, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of net assets and of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 independent of the Organization and have fulfilled our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits, which include relevant ethical requirements in the United States of America. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged With Governance 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 Organization's ability to continue as a going concern for the year ended December 31, 2021 and 2020 to disclose, as applicable, matters related to going concern; and to use the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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 GAAS 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, misrepresentation, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- (a) Exercise professional judgment and maintain professional skepticism throughout the audit.
- (b) 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.
- (c) 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 Organization's internal control. Accordingly, no such opinion is expressed.
- (d) 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.
- (e) Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Organization to express an opinion on the financial statements. We are responsible for the directions, supervision, and performance of the audit of the Organization. We remain solely responsible for our audit opinion.

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.

Don J. Slovensky
Certified Public Accountant

Lake Success, New York
November 3, 2022

ANIMAL HAVEN, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS:		
Cash and cash equivalents	\$ 2,137,091	\$ 1,979,719
Investments - marketable securities	415,828	249,131
Prepaid insurance	13,453	12,147
Prepaid expenses	12,528	17,577
Miscellaneous receivables	-	1,432
Security Deposit - 200 Centre Street	224,000	224,000
Property and equipment net of accumulated depreciation	<u>3,665,800</u>	<u>4,012,384</u>
TOTAL ASSETS	<u>\$ 6,468,700</u>	<u>\$ 6,496,390</u>
LIABILITIES:		
Accounts payable	\$ 69,220	\$ 112,862
Payroll protection program loan	<u>157,837</u>	<u>138,190</u>
TOTAL LIABILITIES	<u>227,057</u>	<u>251,052</u>
NET ASSETS:		
Without donor restrictions	6,142,072	6,208,575
With donor restrictions	<u>99,571</u>	<u>36,763</u>
TOTAL NET ASSETS	<u>6,241,643</u>	<u>6,245,338</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,468,700</u>	<u>\$ 6,496,390</u>

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

ANIMAL HAVEN, INC.

STATEMENT OF NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Corporate and business grants	\$ 195,000	\$ 184,300	\$ 379,300	\$ 203,887
Bequests	80,629	-	80,629	95,343
General contributions	1,533,809	-	1,533,809	1,572,360
Adoption center	177,411	-	177,411	166,924
Mailings	138,096	-	138,096	126,562
Recovery road fund	-	-	-	12,080
Special events	4,995	-	4,995	1,243
Spring benefit:				
Support	435,948	-	435,948	345,193
Expenses	(23,612)	-	(23,612)	(45,992)
PPP loan forgiven	138,190	-	138,190	-
Investment income	2,089	-	2,089	1,663
Net change in unrealized gain on securities	153,148	-	153,148	78,148
TOTAL SUPPORT AND REVENUE	2,835,703	184,300	3,020,003	2,557,411
EXPENSES				
Program services	2,563,298	121,492	2,684,790	2,605,775
General and administrative	167,333	-	167,333	157,036
Fund-raising	171,575	-	171,575	196,850
TOTAL EXPENSES	2,902,206	121,492	3,023,698	2,959,661
CHANGE IN NET ASSETS	(66,503)	62,808	(3,695)	(402,250)
Net assets at beginning of year	6,208,575	36,763	6,245,338	6,647,588
NET ASSETS AT END OF YEAR	\$ 6,142,072	\$ 99,571	\$ 6,241,643	\$ 6,245,338

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

ANIMAL HAVEN, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020	
	Program Services	Management and General	Fund- raising	Total	Total
Payroll (X)	\$ 645,733	\$ 42,113	\$ 14,038	\$ 701,884	\$ 671,292
Payroll taxes (X)	51,515	3,360	1,120	55,995	52,644
Employee benefits	67,033	4,372	1,457	72,862	68,867
Occupancy expenses	430,054	4,344	-	434,398	438,470
Office supplies and maintenance	162,618	18,069	-	180,687	111,682
Administrative expenses	-	655	-	655	1,517
Telephone	1,950	696	139	2,785	2,669
Fund-raising expenses	-	-	154,821	154,821	180,862
Adoption expenses (X)	40,590	-	-	40,590	14,332
Animal food costs	52,288	-	-	52,288	39,395
Animal training	12,070	-	-	12,070	10,650
Animal boarding (X)	5,705	-	-	5,705	-
Veterinary and medical supply (X)	583,167	-	-	583,167	553,895
Event expenses	7,122	-	-	7,122	-
Credit card and payroll process fees	-	66,645	-	66,645	56,134
Tech expenses	33,183	2,885	-	36,068	120,935
Other program related expenses (X)	26,055	-	-	26,055	28,410
Insurance	21,169	2,802	-	23,971	19,770
Professional fees - consultants	-	367	-	367	15,200
Accounting and bookkeeping	-	21,025	-	21,025	23,113
Depreciation (X)	423,046	-	-	423,046	323,694
<u>With Donor Restrictions Fund</u>					
Veterinary and medical expenses	37,900	-	-	37,900	59,054
Animal boarding	105	-	-	105	3,895
Other program expenses	5,000	-	-	5,000	5,000
Outreach	13,968	-	-	13,968	-
Payroll & taxes - community outreach	49,519	-	-	49,519	49,519
Depreciation	-	-	-	-	98,662
Adoption expenses	15,000	-	-	15,000	10,000
	<u>\$2,684,790</u>	<u>\$ 167,333</u>	<u>\$171,575</u>	<u>\$ 3,023,698</u>	<u>\$ 2,959,661</u>

(X) - The balance of these expenses are included under "with donor restrictions" fund expenditures.

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

ANIMAL HAVEN, INC.

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (3,695)	\$ (402,250)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	423,046	422,356
Net change in unrealized (gain) of securities	(153,148)	(78,148)
Changes in:		
Prepaid insurance	(1,306)	1,342
Prepaid expenses and deposits	5,048	36,336
Miscellaneous receivables	1,432	(1,432)
Accounts payable	(43,642)	23,604
 TOTAL ADJUSTMENTS	 231,430	 404,058
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 227,735	 1,808
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of securities	(13,549)	(40,898)
PPP Loan payable	19,647	138,190
Purchase of property and equipment	(76,461)	-
 NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	 (70,363)	 97,292
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 157,372	 99,100
CASH AND CASH EQUIVALENTS- BEGINNING OF YEAR	1,979,719	1,880,619
CASH AND CASH EQUIVALENTS- END OF YEAR	<u>\$ 2,137,091</u>	<u>\$ 1,979,719</u>

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

ANIMAL HAVEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 - NATURE OF ORGANIZATION

Animal Haven, Inc. (the organization) is a not-for-profit organization that finds homes for abandoned cats and dogs throughout the Tri-State area. Founded in 1967, it operated a no-kill shelter in Flushing, Queens, New York (which was permanently closed in March 2009) and an animal sanctuary and rehabilitation center (Animal Haven Acres) in Delaware County, New York for special needs and hard-to-place animals (which was permanently closed in March 2009). Through its Mobil Adoption Program, it brings animals in need of homes to community events throughout the Tri-State area. During October 2007, Animal Haven opened an adoption center in lower Manhattan which has facilities for dog training and grooming as part of the adoption program. The Organization only operates out of the lower Manhattan facility with the closure of its Flushing and upstate facilities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements reflect the assets, liabilities, revenue and expenditures for the Organization on the accrual basis of accounting. To ensure observance of limitations and restrictions on the use of financial resources, the organization maintains its accounts using fund accounting.

Contributions are considered to be available for unrestricted use unless they are specifically restricted by the donor.

Revenue, including adoption fees, is recognized when earned.

(b) Basis of presentation

Restrictions on Net Assets:

The Organization has adopted various required accounting standards for financial statement presentation of not-for-profit organizations. Under these standards, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net assets with donor restrictions:

Net assets with donor restrictions are net assets of which the use has been restricted by donors to specific purposes and/or the passage of time. When a donor-imposed restriction expires, that is, when a stipulated time restriction ends or a purpose is accomplished, those restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of net assets as net asset released from restrictions. As of December 31, 2021 and 2020 there were net assets with donor restrictions.

Net assets without donor restrictions:

The Organization has designated the remaining funds as net assets without donor restrictions and they represent resources that are available for general support of the Organization's operations over which the Board has discretionary control.

(Continued)

ANIMAL HAVEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of Presentation (Continued)

All contributions are considered to be without donor restrictions unless specifically restricted by the donor.

(c) Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donations.

(d) Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

(e) Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Organization have been summarized on a functional and object classification basis in the statement of functional expenses. Certain costs have been allocated among the program and supporting services benefited.

(f) Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation.

The Organization recognizes the effects of income tax positions only if those positions are more likely than not of being sustained. No provisions for income taxes was required for 2021.

(g) Donated Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with various programs. There is no objective measurement for these services and therefore do not fit the criteria for recognition

(Continued)

ANIMAL HAVEN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Cash and Cash Equivalent

For the purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. At times, balances in these accounts may exceed FDIC insurance or SIPC (Securities Investor's Protection Corporation) limits.

(i) Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities 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.

(j) Property and Equipment

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 based on the estimated useful lives ranging from five to seven years for certain furniture and equipment and to fifteen years for improvements. Maintenance and repairs which are not to extend the useful lives of assets are charged to expense as incurred. Expenditures for additions and improvements are capitalized.

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination.

(k) Use of Estimates in Financial Statement Presentation

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 periods. Actual results could differ from estimates.

(l) Allocation of Functional Expenses

Expenses are presented according to the programs for which they were incurred and are summarized in the accompanying statements of functional expenses. The various programs and supporting services of the Organization are as follows:

Program expenses - Includes expenses that directly relate to carrying out the Organization's mission and result in goods or services being provided for the veterinary care of abused or abandoned animals as part of the adoption program.

(Continued)

ANIMAL HAVEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Allocation of Functional Expenses (Continued)

Management and general - Includes the direction of the overall affairs of the Organization such as portions of accounting, human resources, administration and related areas.

Fundraising - Includes costs for publicizing and conducting fundraising campaigns, maintain mailing lists and conducting fundraising events and any other activities that involve soliciting contributions.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash in bank accounts that, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk to cash.

NOTE 4 - INVESTMENTS - MARKETABLE SECURITIES

Investments - Marketable Securities at December 31, 2021 and 2020, consisted of the following:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual Funds and equities	<u>\$147,469</u>	<u>\$415,828</u>	<u>\$ 133,920</u>	<u>\$ 249,131</u>
	<u>\$147,469</u>	<u>\$415,828</u>	<u>\$ 133,920</u>	<u>\$ 249,131</u>

NOTE 5 - DONOR RESTRICTED FUNDS

During 2021, Animal Haven received the following donor restricted grants: \$30,000 from Elephant Rock Foundation earmarked for veterinary expenses; \$40,000 from Kinder World earmarked for community outreach; \$86,400 from Pets are Wonderful earmarked for community outreach payroll and programs expenses; \$5,000 from Mary Alice Foundation earmarked for program expenses; \$ 7,900 form H/3 Foundation for veterinary costs and \$15,000 from the Emma and Regina Bloomberg foundation for adoption costs.

Of the total of donor restricted funds available (\$221,063), as of December 31, 2021, \$121,492 was used, leaving a balance of \$99,571.

(Continued)

ANIMAL HAVEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 5 - DONOR RESTRICTED FUNDS (Continued)

During 2020, Animal Haven received the following donor restricted grants: \$25,000 from Elephant Rock Foundation earmarked for veterinary expenses; \$40,000 from Kinder World earmarked for community outreach; \$4,000 from Banfeld Foundation earmarked for animal boarding; \$8,000 from Banfeld Foundation for veterinary expenses; \$5,000 from Mary Alice Foundation earmarked for program expenses; \$26,054 from H/3 Foundation for veterinary costs and \$10,000 from the Emma and Regina Bloomberg foundation for adoption costs.

Of the total of donor restricted funds available (\$262,893), as of December 31, 2020, \$226,130 was used, leaving a balance of \$36,763.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment, at cost, and accumulated depreciation as of December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Leasehold improvement - 200 Centre Street	\$ 5,144,736	\$ 5,068,275
TOTAL	5,144,736	5,068,275
LESS: ACCUMULATED DEPRECIATION	<u>1,478,936</u>	<u>1,055,891</u>
	<u>\$ 3,665,800</u>	<u>\$ 4,012,384</u>

NOTE 7 - COMMITMENTS

The Organization entered into a commercial lease with Grand Machinery Exchange, Inc. for the lease of a basement and ground floor at 196-200 Centre Street in lower Manhattan.

The lease commenced February 1, 2015 and expires May 31, 2027. A security deposit in the amount of \$224,000 (non interest bearing) was given at the signing of the lease as well as the first month's rent of \$28,000. As agreed upon between the Organization and the landlord, rent payments did not commence until January 1, 2016 at which time the monthly payment of \$28,000 was applied. The annual rent will increase 2.5% each year on the anniversary date of the lease. In addition, there is a real estate tax escalator clause as part of the lease and water usage payment as part of the monthly rent billing. The Organization uses this location for the adoption center (see Notes 1 and 6). As of December 31, 2021 and 2020 total costs for leasehold improvements were \$5,144,736 and \$5,068,275, respectively.

As of December 31, 2021 and 2020 the rent expense for 200 Centre Street was \$388,865 and \$374,744, respectively.

ANIMAL HAVEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 8- PAYCHECK PROTECTION PROGRAM LOAN

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Stability Act ("CARES Act"). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program ("PPP"). Participating in the PPP enables the business to obtain a loan from the Small Business Administration sector of the government. The term of the loan is two years and bears interest at a fixed rate of 1% per annum with a maturity of two years.

If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven, based on how much is spent in the either the eight- or twenty-four-week period immediately following funding of the loan times a forgiveness factor that is based on employee headcount and amounts paid to the Company's employees. The Organization applied for this loan through Dime Community Bank and received \$138,190 on September 16, 2020. Management has opted to account for the proceeds as a loan until the loan is, in part or wholly, forgiven and the Company has been "legally released". The proceeds were used for payroll, utility and mortgage interest costs.

The Organization applied for forgiveness in conjunction with the first PPP loan, as per the terms, on August 5, 2021. This loan was forgiven during the latter part of 2021.

The Organization applied for a second PPP loan through NorthEast Bank. The Organization received \$157,837 on March 24, 2021 on the second PPP loan.

NOTE 9 - SUBSEQUENT EVENTS

Animal Haven Inc. has evaluated subsequent events after December 31, 2021 through November 3, 2022 the date that the financial statements are considered available to be issued.

The COVID-19 pandemic and the related economic impact continue to develop with long-term effects unknown. At this time, there is no known adverse impact to the financial condition of the Organization. The continued economic disruption, including rising unemployment, could adversely impact the financial condition of the Organization.

The Organization applied for forgiveness in conjunction with the second PPP loan, as per the terms. The Organization received forgiveness for this loan on July 15, 2022 (see Note 8).

No other disclosures for subsequent events were deemed necessary.