

ANIMAL HAVEN, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

ANIMAL HAVEN, INC.
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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Animal Haven, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of net assets, functional expenses and cash flows for the years 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 Animal Haven, Inc. as of December 31, 2022 and 2021, and the related statements of net assets, functional expenses and 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and have fulfilled our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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.

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

DJS

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

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

Don J. Slovensky

Medford, NY 11763

November 9, 2023

ANIMAL HAVEN, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 2,492,871	\$ 2,137,091
Investments - marketable securities	336,838	415,828
Prepaid insurance	18,312	13,453
Prepaid expenses	20,295	12,528
Miscellaneous receivable	852	-
Spring benefit deposit	35,000	-
Security deposit - 200 Centre Street	224,000	224,000
Property and equipment net of accumulated depreciation	<u>3,281,000</u>	<u>3,665,800</u>
TOTAL ASSETS	<u><u>\$ 6,409,168</u></u>	<u><u>\$ 6,468,700</u></u>
 LIABILITIES		
Accounts payable	\$ 172,123	\$ 69,220
Payroll protection program loan	<u>-</u>	<u>157,837</u>
TOTAL LIABILITIES	<u>172,123</u>	<u>227,057</u>
 NET ASSETS		
Without donor restrictions	6,141,796	6,142,072
With donor restrictions	<u>95,249</u>	<u>99,571</u>
TOTAL NET ASSETS	<u>6,237,045</u>	<u>6,241,643</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 6,409,168</u></u>	<u><u>\$ 6,468,700</u></u>

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

ANIMAL HAVEN, INC.
STATEMENTS OF NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022		2021	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
General contributions	\$ 1,798,121	\$ -	\$ 1,798,121	\$ 1,533,809
Bequests	605,303	-	605,303	80,629
Spring benefit:				
Support	507,538	-	507,538	435,948
Expenses	(100,804)	-	(100,804)	(23,612)
Corporate and business grants	286,000	22,000	308,000	379,300
Adoption center	169,164	-	169,164	177,411
PPP loan forgiveness	157,837	-	157,837	138,190
Mailings	136,984	-	136,984	138,096
Special events	7,827	-	7,827	4,995
Investment income	3,468	-	3,468	2,089
Net unrealized (loss) gain on securities	(117,422)	-	(117,422)	153,148
TOTAL SUPPORT AND REVENUE	3,454,016	22,000	3,476,016	3,020,003
EXPENSES				
Program Services	3,007,025	26,322	3,033,347	2,684,790
General and administrative	186,316	-	186,316	167,333
Fund-raising	260,951	-	260,951	171,575
TOTAL EXPENSES	3,454,292	26,322	3,480,614	3,023,698
CHANGE IN NET ASSETS	(276)	(4,322)	(4,598)	(3,695)
NET ASSETS - BEGINNING OF YEAR	6,142,072	99,571	6,241,643	6,245,338
NET ASSETS - END OF YEAR	\$ 6,141,796	\$ 95,249	\$ 6,237,045	\$ 6,241,643

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

ANIMAL HAVEN, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021	
	Program Expenses	Management and General	Fund-raising	Total	Total
FUNCTIONAL EXPENSES					
<u>Without Donor Restrictions Fund</u>					
Payroll (X)	\$ 748,840	\$ 48,837	\$ 16,279	\$ 813,956	\$ 701,884
Payroll taxes (X)	59,424	3,875	1,292	64,591	55,995
Employee benefits	75,787	4,943	1,647	82,377	72,862
Occupancy expenses	448,476	4,530	-	453,006	434,398
Office supplies and maintenance	197,745	21,972	-	219,717	180,687
Administrative expenses (X)	-	1,100	-	1,100	655
Telephone	1,435	513	102	2,050	2,785
Fund-raising expenses	-	-	241,631	241,631	154,821
Adoption expenses (X)	49,937	-	-	49,937	40,590
Animal food costs	58,665	-	-	58,665	52,288
Animal training	18,345	-	-	18,345	12,070
Animal boarding (X)	15,199	-	-	15,199	5,705
Veterinary and medical supplies (X)	789,572	-	-	789,572	583,167
Event expenses	6,994	-	-	6,994	7,122
Credit card and payroll processing	-	66,733	-	66,733	66,645
Tech expenses	53,640	4,664	-	58,304	36,068
Other program related expenses (X)	26,377	-	-	26,377	26,055
Insurance	26,026	2,802	-	28,828	23,971
Professional fees / consultants	-	559	-	559	367
Accounting and bookkeeping	-	25,788	-	25,788	21,025
Depreciation (X)	430,563	-	-	430,563	423,046
<u>With Donor Restrictions Fund</u>					
Payroll & taxes - community outreach	20,992	-	-	20,992	49,519
Outreach	330	-	-	330	13,968
Adoption expenses	-	-	-	-	15,000
Animal boarding	-	-	-	-	105
Veterinary and medical expenses	-	-	-	-	37,900
Other program expenses	5,000	-	-	5,000	5,000
TOTAL EXPENSES	<u>\$ 3,033,347</u>	<u>\$ 186,316</u>	<u>\$ 260,951</u>	<u>\$ 3,480,614</u>	<u>\$ 3,023,698</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.
STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (4,598)	\$ (3,695)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	430,563	423,046
Net unrealized losses (gains) on investments	117,422	(153,148)
Changes in assets and liabilities		
Prepaid insurance	(4,859)	(1,306)
Prepaid expenses	(7,767)	5,048
Miscellaneous receivables	(852)	1,432
Spring benefit deposit	(35,000)	-
Accounts payable	102,903	(43,642)
 TOTAL ADJUSTMENTS	 <u>602,410</u>	 <u>231,430</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>597,812</u>	 <u>227,735</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of securities	(38,432)	(13,549)
PPP Loan payable	(157,837)	19,647
Purchase of property and equipment	(45,763)	(76,461)
 NET CASH USED IN INVESTING ACTIVITIES	 <u>(242,032)</u>	 <u>(70,363)</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 355,780	 157,372
 CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	 <u>2,137,091</u>	 <u>1,979,719</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u>\$ 2,492,871</u>	 <u>\$ 2,137,091</u>

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

ANIMAL HAVEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 – Nature of Activities

Animal Haven, Inc. (the organization) is a non-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 permanently closed in March 2009).

The organization, through its Mobil Adoption Program, currently brings animals in need of homes to community events throughout the Tri-State area.

Animal Haven also operates an adoption center in lower Manhattan, which opened in October 2007 and has facilities for dog training and grooming as part of the adoption program.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements reflect the assets, liabilities, revenues 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.

Financial Statement Presentation

The financial statements are presented in accordance with the Financial Accounting Standards Board Accounting Standards Codification 958 (FASB ASC 958), Financial Statements of Not-for-Profit Organizations, which require the Organization to report net assets based on the existence or absence of donor imposed restrictions. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Organization does not imply time restrictions on gifts of long-lived assets. In the absence of explicit donor stipulation as to how long an asset must be held, the Organization releases any purpose restrictions when the asset is placed in service for the use stipulated by the donor.

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

Donated Assets

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

ANIMAL HAVEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 – Summary of Significant Accounting Policies - (continued)

Promises to Give

Unconditional promises to give are recognized as revenues 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.

Functional 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.

Income Taxes

The Organization is exempt from federal income taxes 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 2022 and 2021.

As of December 31, 2022, the tax years that remain subject to examination by taxing authorities begin with the year ended December 31, 2019.

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 they do not fit the criteria for recognition.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an original maturity of three months or less (and money market mutual funds) to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Investment income or loss (gains and losses, both realized and unrealized, and interest and dividends) is reflected on the statement of activities and changes in net assets as increase or decrease in net assets without donor restrictions unless income or loss is restricted by donor or law.

ANIMAL HAVEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 – Summary of Significant Accounting Policies - (continued)

Investments – (continued)

Fair Value

Fair value is 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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs

The hierarchy established is based on the valuation inputs used to measure the fair value of the asset.

The Organization categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs
- Level 3 inputs are significant other unobservable inputs

The following is a description of the valuation methodologies used for the Foundation's assets measured at fair value.

Marketable Securities – These investments are valued primarily on the basis of market quotations or official closing prices as of the close of business and are classified within Level 1 of the valuation hierarchy.

Mutual and Exchange Traded Funds – These investments are valued primarily on the basis of market quotations or official closing prices as of the close of business and are classified within Level 1 of the valuation hierarchy

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, to fifteen years for improvements.

Expenditures for additions and improvements are capitalized. Maintenance and repairs which do not extend the useful lives of assets are charged to expense as incurred.

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

ANIMAL HAVEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 – Summary of Significant Accounting Policies - (continued)

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.

Allocation of Functional Expenses

Expenses are presented according to 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.

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 – Concentration of Credit Risk

The Organization maintains its cash in bank accounts that, at times, may exceed FDIC insurance or SIPC (Securities Investor Protection Corporation) limits. Management is diligent in monitoring these accounts in order to minimize the risk.

NOTE 4 – Investments – Marketable Securities

Investment in marketable securities consisted of the following:

Investment Type	Category	2022		2021	
		Cost	Fair Value	Cost	Fair Value
Publicly traded securities	Level 1	\$ 185,901	\$ 336,838	\$ 147,469	\$ 415,828

ANIMAL HAVEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 5– Donor Restricted Funds

During 2022, Animal Haven received the following donor restricted grants: \$17,000 from Global Empowerment earmarked for community outreach payroll and program expenses and \$5,000 from Mary Alice Foundation earmarked for program expenses.

Of the total of donor restricted funds available (\$121,571), as of December 31, 2022, \$26,322 was used, leaving a balance of \$95,249.

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 from 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.

NOTE 6 – Property and Equipment

Property and equipment, at cost, and accumulated depreciation as of December 31, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Leasehold improvement - 200 Centre Street	\$ 5,144,736	\$ 5,144,736
Vehicles	45,763	-
	5,190,499	5,144,736
TOTAL	5,190,499	5,144,736
Less: accumulated depreciation	(1,909,499)	(1,478,936)
	\$ 3,281,000	\$ 3,665,800

ANIMAL HAVEN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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, 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, 2022 and 2021, the rent expense for rent expense for 200 Centre Street was \$398,587 and \$388,865, respectively.

NOTE 8 – Paycheck Protection Program Loans

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 provided 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 Organization applied for two PPP loans, receiving \$138,190 on September 16, 2020 and \$157,837, on March 24, 2021.

The Organization applied for forgiveness of both loans having met the government's criteria. The first loan was forgiven during 2021 and the second loan was forgiven during 2022. No outstanding liabilities remain associated with these loans.

NOTE 9 – Subsequent Events

Date of Management's Review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 9, 2023, the date that the financial statements were available to be issued.

COVID-19

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