

ADA HOWE KENT MEMORIAL SHELTER, INC.
FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

ADA HOWE KENT MEMORIAL SHELTER, INC.

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Independent Auditors' Report

To the Board of Trustees of
Ada Howe Kent Memorial Shelter, Inc.
Calverton, New York

Opinion

We have audited the accompanying financial statements of Ada Howe Kent Memorial Shelter, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and the related statements of activities, 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 Ada Howe Kent Memorial Shelter, 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 Ada Howe Kent Memorial Shelter, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

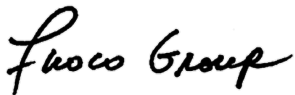
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ada Howe Kent Memorial Shelter, 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 Ada Howe Kent Memorial Shelter, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Ada Howe Kent Memorial Shelter, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 4, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Hauppauge, New York
November 14, 2022

ADA HOWE KENT MEMORIAL SHELTER, INC.
STATEMENTS OF FINANCIAL POSITION

	As of December 31,	
	2021	2020
ASSETS		
Current assets:		
Cash, cash equivalents, and restricted cash	\$ 1,263,531	\$ 745,580
Investments	6,101,606	5,302,235
Employee Retention Credit receivable	102,380	-
Prepaid expenses	-	1,100
Total current assets	7,467,517	6,048,915
Property and equipment, net	414,228	429,706
Total assets	\$ 7,881,745	\$ 6,478,621
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 54,481	\$ 27,413
Deferred compensation liability	30,000	10,000
Total current liabilities	84,481	37,413
Deferred compensation liability, net of current portion	367,170	309,517
Total liabilities	451,651	346,930
Net assets:		
Without donor restrictions	7,080,094	5,781,691
With donor restrictions	350,000	350,000
Total net assets	7,430,094	6,131,691
Total liabilities and net assets	\$ 7,881,745	\$ 6,478,621

See independent auditors' report and notes to financial statements.

ADA HOWE KENT MEMORIAL SHELTER, INC.
STATEMENTS OF ACTIVITIES

	Year ended December 31, 2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Summarized Total
Support and revenue:				
Donations - general	\$ 539,374	\$ -	\$ 539,374	\$ 398,531
Annual appeals	81,656	-	81,656	96,898
Bequests	566,214	-	566,214	259,866
Adoptions	101,710	-	101,710	96,778
Acceptances	3,090	-	3,090	4,640
Pet supplies	815	-	815	684
Clinic and vaccine services	248,039	-	248,039	195,775
Medical services	51,574	-	51,574	44,589
Investment return, net	751,555	-	751,555	421,266
Rental income	10,730	-	10,730	11,700
Government grant	-	-	-	10,000
Payroll Protection Program loan forgiveness	137,233	-	137,233	141,962
Total support and revenue	2,491,990	-	2,491,990	1,682,689
Net assets released from restriction	-	-	-	-
Total support and revenue after release from restriction	2,491,990	-	2,491,990	1,682,689
Expenses:				
Program	993,458	-	993,458	960,243
Management and general	128,619	-	128,619	132,209
Fundraising	71,510	-	71,510	71,446
Total expenses	1,193,587	-	1,193,587	1,163,898
Change in net assets	1,298,403	-	1,298,403	518,791
Net assets, beginning of year	5,781,691	350,000	6,131,691	5,612,900
Net assets, end of year	\$ 7,080,094	\$ 350,000	\$ 7,430,094	\$ 6,131,691

See independent auditors' report and notes to financial statements.

ADA HOWE KENT MEMORIAL SHELTER, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31, 2021

	Programs				Supporting Services			2020 Summarized Total
	Clinic	Shelter	Retirement Home	Total Program	Management and General	Fundraising	Total	
Salaries and wages	\$ 131,087	\$ 258,197	\$ 42,720	\$ 432,004	\$ 65,802	\$ 43,868	\$ 541,674	\$ 586,755
Payroll taxes	24,325	20,186	3,268	47,779	4,116	2,744	54,639	50,462
Employee benefits	11,018	29,469	5,663	46,150	8,653	2,884	57,687	47,425
Veterinarians	118,212	18,884	1,838	138,934	-	-	138,934	143,552
Medical Supplies	67,464	69,653	2,566	139,683	-	-	139,683	105,607
Professional fees	3,343	9,623	3,341	16,307	24,318	-	40,625	32,698
Utilities	4,889	21,284	5,600	31,773	3,530	-	35,303	28,392
General supplies	2,540	9,029	4,026	15,595	-	-	15,595	17,415
Insurance	8,286	16,175	5,683	30,144	5,319	-	35,463	35,464
Credit card fees	440	440	-	880	12,012	12,012	24,904	16,146
Fund raising expense	-	-	-	-	-	9,169	9,169	6,796
Depreciation expense	679	12,754	497	13,930	1,548	-	15,478	16,245
Food	3,383	3,434	3,232	10,049	-	-	10,049	11,306
Repair and maintenance	5,495	11,744	5,151	22,390	2,488	-	24,878	24,329
Automobile expenses	-	9,009	-	9,009	-	-	9,009	8,707
Dog transportation	800	13,522	-	14,322	-	-	14,322	8,571
Office supplies	1,440	5,534	228	7,202	230	230	7,662	9,357
Miscellaneous	-	7,039	-	7,039	-	-	7,039	2,888
Telephone	1,946	2,881	-	4,827	603	603	6,033	5,367
Pet supplies	-	3,200	-	3,200	-	-	3,200	3,809
Storage	-	2,011	-	2,011	-	-	2,011	2,402
Real estate taxes	-	230	-	230	-	-	230	205
Total expenses	\$ 385,347	\$ 524,298	\$ 83,813	\$ 993,458	\$ 128,619	\$ 71,510	\$ 1,193,587	\$ 1,163,898

See independent auditors' report and notes to financial statements.

ADA HOWE KENT MEMORIAL SHELTER, INC.
STATEMENTS OF CASH FLOWS

	Year ended December 31,	
	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 1,298,403	\$ 518,791
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation expense	15,478	16,245
Payroll protection program loan forgiveness	(137,233)	(141,962)
Net realized and unrealized gain on investments	(544,077)	(288,330)
Changes in assets and liabilities:		
Increase in Employee Retention Credit receivable	(102,380)	-
Decrease in prepaid expenses and other assets	1,100	1,009
Increase (decrease) in accounts payable and accrued expenses	27,068	(84,409)
Increase in deferred compensation liability	77,653	61,901
Net cash provided by operating activities	636,012	83,245
Cash flows from investing activities		
Purchase of property and equipment	-	(4,000)
Purchase of investments	(1,716,601)	(2,866,638)
Proceeds from sale of investments	1,461,307	2,821,292
Net cash used by investing activities	(255,294)	(49,346)
Cash flows from financing activities		
Proceeds from payroll protection program loan	137,233	141,962
Net cash provided by financing activities	137,233	141,962
Net increase in cash and cash equivalents	517,951	175,861
Cash, cash equivalents, and restricted cash at beginning of year	745,580	569,719
Cash, cash equivalents, and restricted cash at end of year	\$ 1,263,531	\$ 745,580
Supplemental disclosures of cash flow information		
Interest paid	\$ -	\$ -
Unrelated business income taxes paid	\$ -	\$ -

See independent auditors' report and notes to financial statements.

ADA HOWE KENT MEMORIAL SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ORGANIZATION

Ada Howe Kent Memorial Shelter, Inc. (the "Organization") provides temporary shelter, food and health care for unwanted animals, as well as informational services and educational programs for the general area. The Organization maintains a shelter in Calverton, New York, providing these services, and conducts programs throughout the area promoting informed and humane care. The agency operates a spay clinic in conjunction with the shelter and a retirement home for pets whose owners have predeceased them.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Cash, Cash Equivalents, and Restricted Cash

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition. There was \$350,000 of restricted cash as of December 31, 2021 and 2020.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. At December 31, 2021 and 2020, the Organization had deposits in excess of federally insured limits of \$0 and \$293,906, respectively. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Investments

The Organization record investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. The Organization's investments are all in equity securities and are valued using Level 1 inputs.

Property and Equipment

Property and equipment is stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful lives range from three to fifteen years. The Organization's policy is to capitalize renewals and betterments acquired for greater than \$1,000 and expense normal repairs and maintenance as incurred. The Organization's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

ADA HOWE KENT MEMORIAL SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, “Revenue from Contracts with Customers (Topic 606)”. The ASU applies to revenue not recorded under the lease standard and requires entities to recognize revenue when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization adopted the new standard effective January 1, 2021, the first day of the Organization’s fiscal year using the modified retrospective approach. The adoption did not result in any change to the beginning net assets as of January 1, 2021. The adoption of this standard did not have a material impact on the 2021 revenue.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Organization’s program services, administration, and fundraising activities; however, the financial statements do not reflect the value of these donated services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Donated goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received. No significant donations of services were received during the years ended December 31, 2021 and 2020.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a natural basis in the statements of activities. Accordingly, certain costs have been allocated among program and supporting services benefited.

Income Taxes

Ada Howe Kent Memorial Shelter, Inc. is organized as a New York State nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for charitable contribution deductions under IRC Sections 170(b)(1)(A)(vi), and has not been determined to be a private foundation under IRC Section 509(a)(1). The Organization is required to file an annual Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. Management has determined that the Organization is not subject to unrelated business income tax.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The Organization’s financial instruments are cash, cash equivalents, and restricted cash, investments, accounts payable and accrued expenses, and deferred compensation liability. The recorded values of cash, cash equivalents, and restricted cash, investments, and accounts payable and accrued expenses approximate their fair values based on their short-term nature. The recorded value of deferred compensation liability approximates the fair value, as interest approximates market rates.

ADA HOWE KENT MEMORIAL SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2021 and 2020 are as follows:

	2021		2020		Useful Lives (Years)
Land	\$	66,010	\$	66,010	N/A
Building		711,454		711,454	39
Furniture and equipment		2,500		2,500	5 - 7
		779,964		779,964	
Less accumulated depreciation		(365,736)		(350,258)	
Property and equipment, net	\$	414,228	\$	429,706	

For the years ended December 31, 2021 and 2020, depreciation expense amounted to \$15,478 and \$16,245, respectively.

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENT

The Organization measures its investments at fair value, as defined in Note 2. Accordingly, The Organization uses a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs requiring the most observable inputs be used when available. The hierarchy prioritizes the inputs in the valuation techniques used to measure fair value into three broad levels (Level 1, 2 and 3). The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating fair value of each investment's underlying assets and liabilities.

Level 1 financial instruments are valued by observable inputs that reflect quoted prices for identical assets or liabilities in active markets that North Star Fund has the ability to access at the measurement date.

Level 2 financial instruments are valued by quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations the significant inputs of which are observable.

Level 3 financial instruments are valued using pricing inputs that are unobservable and includes situations where there is little, if any, market activity for the asset.

The following tables present the financial instruments recorded at fair value by the Organization as of December 31:

	2021			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 5,248,501	\$ -	\$ -	\$ 5,248,501
Common stock	9,056	-	-	9,056
Exchange traded funds	844,049	-	-	844,049
Total investments	\$ 6,101,606	\$ -	\$ -	\$ 6,101,606

ADA HOWE KENT MEMORIAL SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

	2020			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 4,585,682	\$ -	\$ -	\$ 4,585,682
Common stock	57,302	-	-	57,302
Exchange traded funds	659,251	-	-	659,251
Total investments	\$ 5,302,235	\$ -	\$ -	\$ 5,302,235

Investment return consists of the following for the year ended December 31,:

	2021	2020
Interest and dividend income	\$ 259,714	\$ 176,854
Net realized and unrealized gain on investments	544,077	288,330
Investment expenses	(52,236)	(43,918)
Investment return, net	\$ 751,555	\$ 421,266

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

At December 31, net assets with donor restrictions were available for the following purpose:

	2021	2020
Donor restrictions	\$ 350,000	\$ 350,000
Net assets with donor restrictions	\$ 350,000	\$ 350,000

NOTE 6 – DEFERRED COMPENSATION PLAN

On July 1, 2002 the Organization entered into an agreement with Pamela Green, Executive Director. The agreement states that the Organization will pay to Mrs. Green, upon retirement, the sum of \$10,000 per year, commencing on July 1, 2002. The agreement has since been amended on January 1, 2017 to increase the annual payments to \$20,000. All amounts deferred under this agreement remain the sole property of the Organization until made available to Mrs. Green. Assets related to this agreement are included in investments as of December 31, 2021 and 2020, and amount to \$397,170 and \$319,517, respectively.

NOTE 7 – RETIREMENT PLAN

The Organization has a 403(b) elective salary deferral plan which full time employees are eligible to join. The Organization does not make any matching contributions for its employees, and there is no expense to the Organization to maintain the plan.

ADA HOWE KENT MEMORIAL SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 8 – CARES ACT

As a direct result of the COVID-19 outbreak, the government passed the CARES Act, which provided Small Business Administration (SBA) loans to small businesses so that they may continue to pay their employees and certain operating expenses. The CARES Act provides that if certain conditions are met, the SBA loan will be forgiven and not have to be repaid. In addition, the CARES Act provides that these loans are at the fixed rate of 1% and mature two years from the date of first disbursement of the loan. Upon maturity, any unforgiven portion of the loan principal and any accrued interest will be due. The Organization entered into a SBA loan on April 3, 2020, in the amount of \$141,962. The Organization satisfied the requirements to have the loan forgiven in full and was legally released from any obligation in February 2021. The \$141,962 is reported as revenue on the statement of activities. The Organization entered into additional SBA loan on February 17, 2021, in the amount of \$137,233. The Organization satisfied the requirements to have the loan forgiven in full and was legally released from any obligation in March 2022. The \$137,233 is reported as revenue on the statement of activities. In addition, the SBA established the Emergency Injury Disaster Loan (EIDL). This advance is intended to provide relief to business that are experiencing a temporary loss of revenue due to COVID-19. The EIDL allows small business to apply for a loan and receive a loan advance of up to \$10,000 which does not have to be repaid and there are no conditions attached to the advance. The Organization applied for and received \$10,000 in April 2020. As the \$10,000 advance does not have to be repaid, it has been reported as government grant revenue on the statement of activities.

NOTE 9 - LIQUIDITY

The Organization primarily generates financial assets from pet adoptions and contributions received from Foundations and individuals. The financial assets are acquired throughout the year to help meet the Organization's cash needs for general expenditures.

The following table represents the Organization's financial assets available for general expenditures within one year of the financial position date:

	2021	2020
Current assets as of December 31, excluding non-financial assets:		
Cash and cash equivalents	\$ 1,263,531	\$ 745,580
Investments	6,101,606	5,302,235
Employee Retention Credit receivable	102,380	-
Total assets, excluding non-financial assets	7,467,517	6,047,815
Less those unavailable for general due to:		
Donor restrictions	(350,000)	(350,000)
Deferred compensation liability	(397,170)	(319,517)
Financial assets available to meet cash needs for general expenditures within one year	\$ 7,070,347	\$ 5,728,298

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 14, 2022, the date the financial statements were available to be issued.