

Companion Animal Alliance

Baton Rouge, Louisiana

Year Ended December 31, 2021

*Financial Statements
and Supplementary Information*

William D. Mercer, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

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William D. Mercer, APAC
CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM D. MERCER, CPA (P.C.)

MEMBERS OF:
AMERICAN INSTITUTE
AND SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Companion Animal Alliance
Baton Rouge, Louisiana

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Companion Animal Alliance (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 Companion Animal Alliance as of December 31, 2021, and the changes in 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Companion Animal Alliance 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 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 Companion Animal Alliance's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

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 and *Government 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement 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 Companion Animal Alliance'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Companion Animal Alliance'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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2022, on our consideration of Companion Animal Alliance's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Companion Animal Alliance's internal control over financial reporting and compliance.

William D Mercer CPA (APAC)

Baton Rouge, Louisiana

December 28, 2022

William D. Mercer, APAC
CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM D. MERCER, CPA (P.C.)

MEMBERS OF:
AMERICAN INSTITUTE
AND SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Companion Animal Alliance
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Companion Animal Alliance, 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, and have issued our report thereon dated December 28, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Companion Animal Alliance's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the effectiveness of Companion Animal Alliance's internal control. Accordingly, we do not express an opinion on the effectiveness of Companion Animal Alliance's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Companion Animal Alliance's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

William D Mercer CPA (APAC)

Baton Rouge, Louisiana
December 28, 2022

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

STATEMENT OF FINANCIAL POSITION

December 31, 2021

ASSETS

CURRENT:

| | |
|---------------------------|----------------|
| Cash and cash equivalents | \$ 808,661 |
| Inventory | <u>14,000</u> |
| Total Current Assets | <u>822,661</u> |

PROPERTY AND EQUIPMENT:

| | |
|-------------------------------|------------------|
| Building and improvements | 9,395,123 |
| Equipment and furniture | 472,528 |
| Transportation equipment | <u>135,489</u> |
| | 10,003,140 |
| Less accumulated depreciation | <u>1,054,078</u> |
| Net Property and Equipment | <u>8,949,062</u> |

TOTAL ASSETS \$ 9,771,723

LIABILITIES

CURRENT:

| | |
|---------------------------------------|-----------|
| Accounts payable and accrued expenses | \$ 63,609 |
| Due to Baton Rouge Area Foundation | 22,091 |
| Line of credit | <u>-</u> |

TOTAL LIABILITIES (all current) 85,700

NET ASSETS

| | |
|----------------------------|------------------|
| With donor restrictions | 988,791 |
| Without donor restrictions | <u>8,697,232</u> |

TOTAL NET ASSETS 9,686,023

TOTAL LIABILITIES AND NET ASSETS \$ 9,771,723

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

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES

Year Ended December 31, 2021

| | With Donor Restrictions | Without Donor Restrictions | Totals |
|--|----------------------------|-------------------------------|-------------------------|
| REVENUES: | | | |
| Contributed support | \$ 469,465 | \$ 714,296 | \$ 1,183,761 |
| Earned revenues: | | | |
| Adoption and other revenues | - | 251,737 | 251,737 |
| Governmental contracts and fees | - | 809,860 | 809,860 |
| License fee revenue | - | 150,000 | 150,000 |
| Merchandise sales | - | 29,355 | 29,355 |
| Investment income | 126 | 15,821 | 15,947 |
| Net assets released from restrictions | (238,134) | 238,134 | - |
| Total Revenues | <u>231,457</u> | <u>2,209,203</u> | <u>2,440,660</u> |
| EXPENSES: | | | |
| Program services | - | 2,112,808 | 2,112,808 |
| Supporting services: | | | |
| Management services | - | 524,135 | 524,135 |
| Fundraising | - | 117,715 | 117,715 |
| Total Expenses | <u>-</u> | <u>2,754,658</u> | <u>2,754,658</u> |
| OTHER INCOME: | | | |
| PPP loan forgiveness | - | 251,172 | 251,172 |
| Change in net assets | 231,457 | (294,283) | (62,826) |
| NET ASSETS, beginning of year | <u>757,334</u> | <u>8,991,515</u> | <u>9,748,849</u> |
| NET ASSETS, end of year | <u>\$ 988,791</u> | <u>\$ 8,697,232</u> | <u>\$ 9,686,023</u> |

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

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021

| | <u>Program Services</u> | <u>Management Services</u> | <u>Fundraising</u> |
|-----------------------------|-----------------------------|--------------------------------|--------------------|
| Administrative fees | \$ - | \$ 13,901 | \$ - |
| Advertising | - | - | 32 |
| Car and truck expense | 7,025 | - | - |
| Cleaning | 74,575 | - | - |
| Cost of merchandise sold | 15,216 | - | - |
| Depreciation | 231,719 | 61,792 | 15,448 |
| Employee benefits | 81,598 | 19,893 | 4,973 |
| Food | 65,365 | - | - |
| Fundraising | - | - | 23,020 |
| Insurance | 118,691 | 39,564 | 430 |
| Medical supplies | 311,603 | - | - |
| Miscellaneous | 1,056 | 91 | 22 |
| Occupancy expense | 50,983 | 28,525 | 3,297 |
| Office expense | 6,457 | 1,722 | 430 |
| Payroll expenses | 1,010,757 | 269,535 | 67,384 |
| Printing and communications | 5,726 | 1,527 | 382 |
| Professional services | 82,755 | 77,425 | - |
| Repairs and maintenance | 21,031 | 5,354 | 1,339 |
| Supplies | 8,553 | - | - |
| Technology | 15,231 | 3,317 | 829 |
| Travel | <u>4,467</u> | <u>1,489</u> | <u>129</u> |
| Totals | \$ <u>2,112,808</u> | \$ <u>524,135</u> | \$ <u>117,715</u> |

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

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS

Year Ended December 31, 2021

| | |
|---|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Change in net assets | \$(62,826) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | 308,959 |
| (Increase) decrease in: | |
| Pledges receivable | 104,000 |
| Inventory | (1,144) |
| Increase (decrease) in: | |
| Accounts payable and accrued expenses | (28,076) |
| Amounts due to Baton Rouge Area Foundation | (<u>197,940</u>) |
| Net cash provided by operating activities | <u>122,973</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Cash payments for purchase of property and equipment | (10,000) |
| Cash proceeds from the sale of marketable securities | <u>5,040</u> |
| Net cash used in investing activities | (<u>4,960</u>) |
| NET INCREASE IN CASH | 118,013 |
| CASH AND CASH EQUIVALENTS, beginning of year | <u>690,648</u> |
| CASH AND CASH EQUIVALENTS, end of year | \$ <u><u>808,661</u></u> |

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

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies for Companion Animal Alliance (the Organization) is presented to assist in understanding the financial statement. The financial statement and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

Nature of operations

Companion Animal Alliance is a nonprofit organization committed to reducing the number of animals entering the animal shelter, treating animals humanely while they are in the shelter's care, and to finding homes for animals, returning lost animals to their families while finding foster care and permanent homes for other dogs and cats.

Method of accounting

The accompanying financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Organization regularly assesses these estimates and, while actual results could differ, management believes that the estimates are reasonable.

Significant estimates included in or affecting the presentation of the accompanying financial statements include estimated useful lives of property and equipment.

Fair value of financial instruments

The carrying value of cash and cash equivalents reported in the accompanying statement of financial position approximates fair value due to the short maturities and liquidity of those instruments.

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of presentation

Net assets of the Organization and changes therein are classified and reported as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations. This also includes previously restricted gifts and grants for buildings and equipment that have been placed into service.

With donor restrictions – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt, including gifts and pledges for buildings and equipment not yet placed in service. Also included in this net asset category are net assets subject to donor-imposed restrictions to be maintained permanently by the Organization, including gifts and pledges wherein donors stipulate that the corpus of the gift be held in perpetuity and that only income be made available for program operations.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed stipulations. Expenses are recorded as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated passage of time has elapsed) are reported as net assets released from restrictions.

Cash and cash equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Inventory

The Organization's inventory, consisting of retail pet supplies, is stated at cost.

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

All property and equipment is stated at cost. Expenditures for maintenance, repairs, and minor renewals are expensed as incurred. Major expenditures for renewals and betterments are capitalized.

As a general rule, when items are retired or otherwise disposed, accumulated depreciation is reduced by the accumulated amount of depreciation applicable thereto. Any gain or loss from such retirement or disposal is credited or charged to income in the year of the disposal.

Depreciation and amortization

Depreciation is computed on the straight-line method over the following estimated useful lives of the various classes of depreciable assets:

| | |
|----------------------------|---------------|
| Buildings and improvements | 10 – 40 years |
| Equipment and furniture | 3 – 10 years |
| Transportation equipment | 3 – 5 years |

The useful lives are estimated based on historical experience with similar assets, taking into account anticipated technological or other changes. The Organization periodically reviews these lives relative to physical factors, economic factors, and industry trends. If there are changes in the planned use of property and equipment or if technological changes occur more rapidly than anticipated, the useful lives assigned to those assets may be shortened, resulting in the recognition of increased depreciation and amortization expense in future periods.

Revenue recognition

The Organization reports contributions as support with donor restrictions if they are received with donor or grantor restrictions that limit the use of the contributions. When a restriction expires (i.e., when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions are considered to be available for unrestricted use and recorded as such, unless specifically restricted by the donor.

Revenues from government agency contracts and fees are recognized in the period in which the Organization provides the service.

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

The Organization expenses the production costs of advertising at the time the advertising occurs. For the year ended December 31, 2021, the Organization recognized \$ 32 in advertising expense.

Income taxes

The Organization is a not-for-profit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state income tax under Section 121(5) of Title 47 of the Louisiana Revised Statutes. Accordingly, no provision or liability for federal or state income taxes has been included in the accompanying financial statements.

Functional allocation of expenses

The costs of providing programs have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. Directly identifiable expenses are charged to programs and supporting services while other cost that cannot be attributed directly to a particular function or activity are allocated based on percentages determined by management.

Management of liquid resources

The Organization is primarily funded by contributions and contract fees that may contain restrictions. Those restrictions require that resources be used in a certain manner or in a future period. Therefore, the Organization must maintain adequate resources to meet those responsibilities to its donors and certain financial assets may not be available for general expenditure within one year. As part of its liquidity management, the Organization has a goal to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. The Organizations also invests its cash in investments held by Baton Rouge Area Foundation. The Board of Directors may occasionally designate amounts to its liquidity reserve that could be utilized in the event of an unanticipated liquidity need.

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent accounting pronouncements

In February 2016, the Financial Accounting Standard Board released an amendment to ASC Topic 842, *Leases*. This amended standard is expected to increase transparency and comparability between reporting entities by recognizing lease assets and lease liabilities, while also disclosing key information about leasing arrangements. The effective date of this revised standard has been extended previously and currently has an effective date for fiscal periods beginning on or after December 15, 2021, with early application permitted. The Organization has applied the provisions of this new standard on a prospective basis in the accompanying financial statements.

Subsequent events

In preparing the accompanying financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through December 28, 2022, the date the financial statements were available to be issued.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2021, were as follows:

| | | |
|-----------------------------------|----|----------------|
| Cash on hand | \$ | 500 |
| Cash in bank – checking / savings | | 369,438 |
| Cash in bank – money market | | <u>438,723</u> |
| | \$ | <u>808,661</u> |

As of December 31, 2021, the Organization's money market funds were being held by Baton Rouge Area Foundation, a non-profit organization located in Baton Rouge, Louisiana, who allows nonprofit organizations to set up funds for their own benefit. Baton Rouge Area Foundation serves as an agent on behalf of the nonprofit organization.

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE C – CONTRIBUTED SUPPORT

The Organization utilizes certain accounting and other professional services provided by Baton Rouge Area Foundation. The value of these services for the year ended December 31, 2021, was estimated at \$60,000, which is included as a component of unrestricted revenues and expenses in the accompanying financial statements.

Additionally, the Organization received noncash donations of pet food during the year ended December 31, 2021. The value of these donations was estimated at \$ 40,000, which is included as a component of unrestricted revenues and expenses in the accompanying financial statements.

NOTE D – INVESTMENT INCOME

Investment income in the accompanying financial statements is calculated on overall return from investments owned by Baton Rouge Area Foundation. Interest and investment gains and losses are allocated proportionately among all organizations holding funds with Baton Rouge Area Foundation.

NOTE E – LONG-TERM OBLIGATIONS

The Organization received funds under the Paycheck Protection Program (PPP) totaling \$ 251,172 in March 2021. This loan was subsequently forgiven during 2021 and no outstanding balance is due under this program as of December 31, 2021.

The Organization had no other outstanding long-term obligations as of December 31, 2021.

NOTE F – SUPPLEMENTARY CASH FLOW INFORMATION

The Organization made no cash payments for interest and income taxes for the year ended December 31, 2021.

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE F – SUPPLEMENTARY CASH FLOW INFORMATION (continued)

Noncash investing and financing activities for the year ended December 31, 2021, were as follows:

Utilization of Baton Rouge Area Foundation accounting and professional services estimated at \$60,000

Noncash donations of pet food estimated at \$ 40,000

Disposed of fully depreciated capital assets having an original cost of \$ 13,846

NOTE G – RELATED PARTY TRANSACTIONS

As of December 31, 2021, the Organization had an outstanding liability totaling \$ 22,091 payable to Baton Rouge Area Foundation, which provides fiscal agency, accounting, and professional services to the Organization. This liability represents funds paid for operating expenses by Baton Rouge Area Foundation on behalf of the Organization. Management anticipates this liability will be liquidated within the current period.

For the year ended December 31, 2021, the Organization paid certain administrative and investment expenses totaling \$ 13,901 to Baton Rouge Area Foundation. Such expenses are allocated proportionately among all organizations holding funds with Baton Rouge Area Foundation.

NOTE H – AVAILABILITY OF FINANCIAL RESOURCES

The following represents the Organization's financial assets as of December 31, 2021, reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts that are not available also include board designated amounts that could be utilized if the Board of Directors approved the use.

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE H – AVAILABILITY OF FINANCIAL RESOURCES (continued)

| | |
|--|----------------------|
| Financial assets, December 31, 2021: | |
| Cash and equivalents | \$ <u>808,661</u> |
| Less those unavailable for general expenditures within one year, due to: | |
| Restricted by donor with time or purpose restrictions | 988,791 |
| Board designations | <u>-</u> |
| | <u>988,791</u> |
| Financial assets available to meet cash needs for general expenditures within one year | \$(<u>180,130</u>) |

NOTE I – SIGNIFICANT CONCENTRATIONS OF RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and contract revenues.

The Organization maintains its cash account in a checking account at a commercial bank located in Louisiana. Accounts at this bank are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Amounts on deposit at various times throughout the year may exceed the federally insured limit. As of December 31, 2021, the Organization had no uninsured cash balances. Additionally, the Organization's funds in money market accounts totaling \$ 438,723 as of December 31, 2021, are held by Baton Rouge Area Foundation.

The Organization receives a significant portion of its support under a cooperative endeavor agreement with the City of Baton Rouge/Parish of East Baton Rouge. A reduction in the amount of support and revenue provided under this agreement, should this occur, could have a significant impact on the Organization's ability to carry out its activities and support services at current levels.

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE J – COMMITMENTS AND CONTINGENCIES

The Organization’s former Executive Director filed a lawsuit in the 19th Judicial District Court for the Parish of East Baton Rouge against the Organization claiming wrongful termination, retaliation, defamation, and invasion of privacy. This lawsuit arose from the termination of the former employee in October 2018 based on a number of allegations, including payroll fraud, improper personal use of Organization credit cards, and theft of animals from the animal shelter facility. Additionally, the former director was also involved in a situation regarding providing euthanized animals, as well as live animals marked for euthanasia, to the Louisiana State University Veterinary School for research purposes. The latter situation received media attention, as well as involvement of the US Department of Agriculture and the nonprofit People for the Ethical Treatment of Animals (PETA). In October 2021, the parties agreed to terms of a confidential settlement agreement, and the case was dismissed at that time.

NOTE K – DONOR RESTRICTED FUNDS

Net assets with donor restrictions as of December 31, 2021, consisted of the following:

| | | |
|--|----|----------------|
| Animal health and welfare | \$ | 988,791 |
| Building fund | | <u>-</u> |
| Total net assets with donor restrictions | \$ | <u>988,791</u> |

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS

Year Ended December 31, 2021

FINDING NO. 2021-001 – REPORT SUBMISSION

Condition: The Organization did not submit audited financial statements to the Louisiana Legislative Auditor within the period prescribed by applicable regulations. The submission of this report will meet the applicable requirements. No similar finding was noted in the prior report (see Schedule of Prior Year Findings).

Criteria: Financial statements should be submitted to the Louisiana Legislative Auditor within six months of the end of the organization's fiscal year (Louisiana R.S. 24:514).

Cause: The Organization's outside accountant experienced delays in completing its required peer review, which delayed the acceptance of the current year engagement with the Louisiana Legislative Auditor's office. The Organization requested an extension of time to complete the engagement, which was approved, but the audited financial statements were not completed within the extended time period. Cause for delays beyond the extension date were not determined.

Effect: The Organization is responsible for compliance with financial statement reporting requirements and is not in compliance with those requirements.

Recommendation: The submission of these financial statements will satisfy the reporting requirements for the year ended December 31, 2021. As discussed above, the delay in submitting the required financial statements prior to the extension period granted by the Louisiana Legislative Auditor was beyond the control of the Organization's management. No future delays are anticipated related to this issue. The Organization should retain the services of its outside auditor as soon as possible prior to or shortly after its year end to ensure timely submission of future reports.

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended December 31, 2021

No findings were noted for the year ended December 31, 2020, in the auditor's report dated October 29, 2021.

SUPPLEMENTARY INFORMATION

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD
Year Ended December 31, 2021

Agency Head: Jillian Sergio, Executive Director

| Purpose: | Amount: |
|--|----------------|
| Salary | \$ 94,345 |
| Benefits – insurance | \$ 5,029 |
| Benefits – retirement | \$ 2,755 |
| Benefits – payroll taxes | \$ 7,218 |
| Car allowance | None |
| Vehicle provided by government | None |
| Per diem | None |
| Reimbursements | \$ 129 |
| Travel | None |
| Registration fees | None |
| Conference travel | None |
| Continuing professional education fees | None |
| Housing stipend | None |
| Unvouchered expenses | None |
| Special needs | None |

See auditor’s report on supplementary information.