

Homeless Animals Rescue Team, Inc.

Financial Statements (with independent auditors' report)

For the years ended December 31, 2023 and 2022



HOMELESS ANIMALS RESCUE TEAM, INC.

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Financial Statements**

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The Board of Directors of
Homeless Animals Rescue Team, Inc.

Independent Auditors' Report

Opinion

We have audited the accompanying financial statements of Homeless Animals Rescue Team, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in 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 Homeless Animals Rescue Team, Inc. as of December 31, 2023 and 2022, 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Homeless Animals Rescue Team, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Homeless Animals Rescue Team, Inc.' 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 Homeless Animals Rescue Team, 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 Homeless Animals Rescue Team, Inc.'s ability to continue as a going concern for a reasonable period of time.
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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.



November 15, 2024
Washington, DC

HOMELESS ANIMALS RESCUE TEAM, INC.

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2023 and 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Current assets		
Cash and equivalents	\$ 346,434	\$ 661,303
Investments	253,709	300,445
Prepaid expenses	4,837	2,285
Pledges receivable	-	62
Total current assets	<u>604,980</u>	<u>964,095</u>
Fixed assets		
Furniture and equipment	210,687	135,478
Land and real property	781,047	-
Less: accumulated depreciation	<u>(122,809)</u>	<u>(114,215)</u>
Net fixed assets	868,925	21,263
Deposits	<u>1,000</u>	<u>1,000</u>
Total assets	<u><u>\$ 1,474,905</u></u>	<u><u>\$ 986,358</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 100,659</u>	<u>\$ 81,097</u>
Net assets		
Without donor restrictions	1,354,446	905,261
With donor restrictions	<u>19,800</u>	<u>-</u>
Total net assets	<u>1,374,246</u>	<u>905,261</u>
Total liabilities and net assets	<u><u>\$ 1,474,905</u></u>	<u><u>\$ 986,358</u></u>

See accompanying notes and independent auditors' report.

HOMELESS ANIMALS RESCUE TEAM, INC.

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2023 and 2022

	<u>2023</u>			<u>2022</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>
Support and Revenue				
Contributions and grants	\$ 1,357,543	\$ -	\$ 1,357,543	\$ 917,782
Adoption fees	345,319	-	345,319	392,574
Special event income	70,732	-	70,732	101,924
Investment income	47,696	-	47,696	3,081
Gain on disposal of fixed asset	-	-	-	500
Miscellaneous	5,277	-	5,277	4,119
In-kind contributions	-	22,000	22,000	-
Release from restriction - time restricted	2,200	(2,200)	-	24,448
	<u>1,828,767</u>	<u>19,800</u>	<u>1,848,567</u>	<u>1,444,428</u>
Total support and revenue				
Expenses				
Animal rescue and adoption services	1,334,400	-	1,334,400	1,244,982
General and administration	30,572	-	30,572	26,564
Fundraising	14,610	-	14,610	11,441
	<u>1,379,582</u>	<u>-</u>	<u>1,379,582</u>	<u>1,282,987</u>
Total expenses				
Change in net assets	449,185	19,800	468,985	161,441
Net assets, beginning of year	<u>905,261</u>	<u>-</u>	<u>905,261</u>	<u>743,820</u>
Net assets, end of year	<u>\$ 1,354,446</u>	<u>\$ 19,800</u>	<u>\$ 1,374,246</u>	<u>\$ 905,261</u>

See accompanying notes and independent auditors' report.

HOMELESS ANIMALS RESCUE TEAM, INC.

STATEMENTS FUNCTIONAL EXPENSES

For the years ended December 31, 2023 and 2022

	<u>2023</u>				<u>2022</u>			
	<u>Unrestricted</u>				<u>Unrestricted</u>			
	<u>Animal Rescue & Adoption Services</u>	<u>General and Administration</u>	<u>Fundraising</u>	<u>Total</u>	<u>Animal Rescue & Adoption Services</u>	<u>General and Administration</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and payroll taxes	\$ 141,032	\$ 7,583	\$ 3,033	\$ 151,648	\$ 115,384	\$ 6,204	\$ 2,481	\$ 124,069
Advertising	268	14	6	288	282	15	6	303
Bank fees	12,084	650	260	12,994	13,782	741	296	14,819
Depreciation expense	19,690	1,059	423	21,172	15,313	823	329	16,466
Disposal of fixed asset	5,419	-	-	5,419	-	-	-	-
Insurance	12,775	687	275	13,737	11,608	624	250	12,482
Medical and boarding	1,093,483	-	-	1,093,483	1,034,930	-	-	1,034,930
Meetings, events and promotion	-	-	9,928	9,928	-	-	7,392	7,392
Occupancy	11,791	634	254	12,679	13,295	715	286	14,296
Office expense	5,963	321	128	6,412	2,865	154	62	3,081
Postage and shipping	896	48	19	963	808	43	17	869
Printing and publications	4,345	234	93	4,672	7,187	386	155	7,728
Professional fees	1,672	18,956	36	20,664	1,355	16,513	29	17,897
Taxes and licenses	3,538	190	76	3,804	2,842	153	61	3,056
Telephone and internet	3,667	197	79	3,943	3,581	193	77	3,850
Travel and automobile	17,776	-	-	17,776	21,749	-	-	21,749
Total expenses	<u>\$ 1,334,400</u>	<u>\$ 30,572</u>	<u>\$ 14,610</u>	<u>\$ 1,379,582</u>	<u>\$ 1,244,982</u>	<u>\$ 26,564</u>	<u>\$ 11,441</u>	<u>\$ 1,282,987</u>

See accompanying notes and independent auditors' report.

HOMELESS ANIMALS RESCUE TEAM, INC.

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flow from operating activities		
Change in net assets	\$ 468,985	\$ 161,441
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	21,172	16,466
Unrealized (gains) losses	(41,499)	-
(Increase) decrease in:		
Pledges receivable	(62)	17,411
Prepaid expenses	(2,552)	826
Increase (decrease) in:		
Accounts payable and accrued expenses	19,563	(6,010)
Net cash flow provided (used) by operating activities	<u>465,669</u>	<u>190,134</u>
Net cash flow provided (used) by investing activities:		
Purchase of fixed assets	(852,252)	-
Donation of equipment	(22,000)	-
Disposal of fixed asset	5,418	-
Donation of investments	88,296	(300,445)
Net cash flow provided (used) by investing activities	<u>(780,538)</u>	<u>(300,445)</u>
Net increase (decrease) in cash and equivalents	(314,869)	(110,311)
Cash and cash equivalents, beginning of year	<u>661,303</u>	<u>771,614</u>
Cash and cash equivalents, end of year	<u>\$ 346,434</u>	<u>\$ 661,303</u>

See accompanying notes and independent auditors' report.

HOMELESS ANIMALS RESCUE TEAM, INC.

Notes to Financial Statements

December 31, 2023 and 2022

1. DESCRIPTION OF THE ORGANIZATION

Homeless Animals Rescue Team, Inc. (HART) was incorporated as a non-profit organization in the Commonwealth of Virginia in September 1990. HART rescues stray and unwanted animals and gives the general public an alternative to traditional animal shelters. All prospective owners are screened prior to receiving information about animals available for adoption. HART performs a home check and requires an adoption contract prior to releasing the animal to new owners. In the event that an owner can no longer care for a pet or in a life-threatening situation, the animal is placed in a foster home, if available, or is boarded until a permanent home is found.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

HART's financial statements are prepared on the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

Cash and Cash Equivalents

HART considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

Contributions Receivable

Contributions receivable represents amounts which have been promised but not yet received. Contributions due beyond one year are discounted to reflect the present value of the contribution.

Fixed Assets

Furniture and equipment are reported at cost. Assets and capital lease purchases are depreciated over a three to five years estimated life using the straight line method.

HOMELESS ANIMALS RESCUE TEAM, INC.

Notes to Financial Statements

December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Net assets are reported by the Organization in accordance with Financial Accounting Standards Board (FASB) 116 and 117. Accordingly, net assets have been reported using the following categories.

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As of December 31, 2023, net assets with donor restrictions, time restricted, was \$19,800.

HOMELESS ANIMALS RESCUE TEAM, INC.

Notes to Financial Statements

December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

HART is a nonprofit organization, which is exempt from federal income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code. However, HART is subject to unrelated business income tax for activities conducted outside its tax exempt purpose. HART did not conduct any unrelated business activities during 2023 and 2022, accordingly no provision for income taxes was recorded.

HART has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements, and no interest and penalties have been recorded in the accompanying financial statements related to uncertain tax positions.

Donated Services and Materials

Contributions of services and materials are recognized if the services or materials received create or enhance nonfinancial assets or require specialized skills, and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services and promises to give services that do not meet the above criteria are not recognized. During 2023 and 2022 HART received \$22,000 and \$24,448, in donated materials or services, respectively.

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. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

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

HOMELESS ANIMALS RESCUE TEAM, INC.

Notes to Financial Statements

December 31, 2023 and 2022

3. COMMITMENTS AND CONTINGENCIES

HART leases office space under an agreement that began on June 1, 2021 and expires May 31, 2025. The future minimum lease payments on an annual basis are:

Years ending December 31

2024	\$ 9,300
2025	<u>3,875</u>
Total	<u>\$ 13,175</u>

Rent expense for the years ended December 31, 2023 and 2022 was \$12,679 and \$14,296, respectively.

4. FURNITURE AND EQUIPMENT

The following is a summary of equipment as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Vehicles	\$ 149,078	\$ 77,872
Equipment	61,609	57,605
Buildings	373,083	-
Land	407,964	-
Less accumulated depreciation	<u>(122,809)</u>	<u>(114,215)</u>
Total	<u>\$ 868,925</u>	<u>\$ 21,263</u>

5. INVESTMENTS

Investments are presented in the financial statements at market value. The investment portfolio consisted of the following at December 31:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Equities	<u>\$ 209,204</u>	<u>\$ 253,709</u>	<u>\$ 297,439</u>	<u>\$ 300,445</u>

HOMELESS ANIMALS RESCUE TEAM, INC.

Notes to Financial Statements

December 31, 2023 and 2022

6. FAIR VALUE MEASUREMENTS

FASB Statement No. 157, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB Statement No. 157 are described as follows:

- Level 1* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2* Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; Inputs other than quoted prices that are observable for the asset or liability; Inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize and the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023.

Equities: Valued at the net asset value (NAV) of shares at year end.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Consortium believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

HOMELESS ANIMALS RESCUE TEAM, INC.

Notes to Financial Statements

December 31, 2023 and 2022

6. FAIR VALUE MEASUREMENTS (Continued)

The following sets forth by level, within the fair value hierarchy, the Consortium's assets at fair value as of December 31, 2023:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities	<u>\$ 253,709</u>	<u>\$ 253,709</u>	<u>\$ -</u>	<u>\$ -</u>

7. FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, salaries and benefits, professional fees, supplies, telephone and internet, dues and subscriptions, insurance, and other, which are allocated on the basis of estimates of time and effort.

HOMELESS ANIMALS RESCUE TEAM, INC.

Notes to Financial Statements

December 31, 2023 and 2022

8. LIQUIDITY AND AVAILABILITY

The financial assets and liquidity resources available within one year of the statement of financial position date for general expenditures are as follow at December 31, 2023:

	Gross Amount	Unavailable for General Expenditure	Available to Meet Cash Needs Within One Year
Cash and Equivalents	\$ 346,434	\$ -	\$ 346,434
Investments	<u>253,709</u>	<u>-</u>	<u>253,709</u>
	<u>\$ 600,143</u>	<u>\$ -</u>	<u>\$ 600,143</u>

The Organization's net assets are available for general expenditure within one year of December 31, 2023. The Organization has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet normal operating expenses for the current budget year.

9. SUBSEQUENT EVENTS

The date to which events occurring after December 31, 2023, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is November 15, 2024, which is the date on which the financial statements were available to be issued.