



ANDERSON ANIMAL SHELTER

FINANCIAL STATEMENTS

DECEMBER 31, 2023

CJBS, LLC

2100 Sanders Road, Suite 200, Northbrook, Illinois 60062-6141 • p. 847-945-2888 • f. 847-945-9512

www.cjbs.com

ANDERSON ANIMAL SHELTER

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	
FINANCIAL STATEMENTS	
Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis, December 31, 2023.....	1
Statement of Revenues, Expenses and Changes in Net Assets – Modified Cash Basis for the Years Ended December 31, 2023.....	2
Statement of Cash Flows, Modified Cash Basis For the Years Ended December 31, 2023	3
Statement of Functional Expenses - Modified Cash Basis for the Years Ended December 31, 2023.....	4
NOTES TO FINANCIAL STATEMENTS.....	5 – 11



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Anderson Animal Shelter
Saint Charles, Illinois

Opinion

We have audited the accompanying financial statements of Anderson Animal Shelter (a nonprofit organization), which comprise the statement of Assets, Liabilities, and Net Assets – modified cash basis as of December 31, 2023, and the related statement of Revenues, Expenses and Changes in Net Asset – modified cash basis, statement of Cash Flows – modified cash basis and Statement of Functional Expenses – modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the 2023 financial statements referred to above present fairly, in all material respects, the financial position of Anderson Animal Shelter as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with the modified cash basis of accounting.

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 Anderson Animal Shelter 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.

Management's Responsibility 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; this includes 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 Anderson Animal Shelter's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

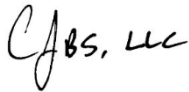
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 Anderson Animal Shelter'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 Anderson Animal Shelter'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.



CJBS, LLC
Northbrook, Illinois

July 22, 2024

ANDERSON ANIMAL SHELTER

STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS -

MODIFIED CASH BASIS

DECEMBER 31, 2023

ASSETS

ASSETS

Cash and Cash Equivalents	\$ 196,932
Restricted Cash for Construction and Equipment	806,852
Property and Equipment, net	<u>2,570,969</u>
TOTAL ASSETS	<u>\$ 3,574,753</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Other Current Liabilities	<u>\$ 8,401</u>
TOTAL LIABILITIES	<u>8,401</u>

NET ASSETS

Without Donor Restrictions	2,679,500
With Donor Restrictions	<u>886,852</u>
TOTAL NET ASSETS	<u>3,566,352</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,574,753</u>

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

ANDERSON ANIMAL SHELTER

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -

MODIFIED CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND PUBLIC SUPPORT:			
Adoption and Program Service	\$ 1,609,385	\$ -	\$ 1,609,385
Bequests and Memorials	421,384	-	421,384
Contributions	2,289,730	134,152	2,423,882
Special Events Revenue	271,813	-	271,813
Less Cost of Direct Benefits to Donors	(69,504)	-	(69,504)
Net Special Event Revenue	<u>202,309</u>	<u>-</u>	<u>202,309</u>
Fundraising	341,221	-	341,221
Investment Income, net	3,137	-	3,137
Rental Income	21,000	-	21,000
Capital Campaign Income	-	210,417	210,417
Employee Retention Credit	445,150	-	445,150
Other Income	6,322	-	6,322
Net Assets Released from Restrictions	<u>117,530</u>	<u>(117,530)</u>	<u>-</u>
Total Support and Revenues	<u>5,457,168</u>	<u>227,039</u>	<u>5,684,207</u>
EXPENSES:			
Program Services	3,642,168	-	3,642,168
Management and General	633,487	-	633,487
Fundraising	<u>562,212</u>	<u>-</u>	<u>562,212</u>
Total Expenses	<u>4,837,867</u>	<u>-</u>	<u>4,837,867</u>
CHANGE IN NET ASSETS	<u>619,301</u>	<u>227,039</u>	<u>846,340</u>
NET ASSETS - BEGINNING OF YEAR AS PREVIOUSLY REPORTED	2,214,791	659,813	2,874,604
PRIOR PERIOD ADJUSTMENT	<u>(154,592)</u>	<u>-</u>	<u>(154,592)</u>
NET ASSETS, BEGINNING OF YEAR AS RESTATED	<u>2,060,199</u>	<u>659,813</u>	<u>2,720,012</u>
NET ASSETS - END OF YEAR	<u>\$ 2,679,500</u>	<u>\$ 886,852</u>	<u>\$ 3,566,352</u>

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

ANDERSON ANIMAL SHELTER
STATEMENT OF CASH FLOWS -
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$ 846,340
Adjustments To Reconcile Change In Net Assets To Net Cash	
Provided By (Used In) Operating Activities:	
Depreciation	86,417
Realized (Gain) Loss on Investments	(2,060)
Unrealized Loss (Gain) on Investments	1,708
Contributions Restricted to Building Project	(210,417)
Noncash Contributions of Securities	(799,079)
Proceeds from Sale of Contributed Securities	796,652
Increase (Decrease) In:	
Other Current Liabilities	5,208
	<u>724,769</u>
Net Cash Flows Provided by Operating Activities	<u>724,769</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Property and Equipment	(39,734)
Purchase of Investments	(10,299)
Proceeds from Sale of Investments	27,602
	<u>(22,431)</u>
Net Cash Flows Used by Investing Activities	<u>(22,431)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions Restricted to Building Project	210,417
	<u>210,417</u>
Net Cash Flows Provided by Financing Activities	<u>210,417</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	912,755
CASH AND CASH EQUIVALENTS - Beginning of Year, Including Restricted Cash	<u>91,029</u>
CASH AND CASH EQUIVALENTS - End of Year, Including Restricted Cash	<u>\$ 1,003,784</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING ACTIVITIES:	
Noncash Contributions of Securities	<u>\$ 799,079</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Cash Paid for Interest	<u>\$ 2,126</u>
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:	
Cash and Cash Equivalents - End of Year	\$ 196,932
Restricted Cash - End of Year	<u>806,852</u>
Total	<u>\$ 1,003,784</u>

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

ANDERSON ANIMAL SHELTER
STATEMENT OF FUNCTIONAL EXPENSES -
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
EXPENSES				
Salaries and Wages	\$ 2,277,775	\$ 463,518	\$ 382,709	\$ 3,124,002
Benefits and Taxes	306,078	62,893	50,314	419,285
Animal Rescue, Adoption and Medical	567,884	-	-	567,884
Insurance	99,495	12,437	12,437	124,369
Supplies	8,825	1,103	1,103	11,031
Printing	26,773	1,129	30,820	58,722
Professional and Management Fees	16,983	36,788	16,918	70,689
Postage	11,163	-	1,240	12,403
Credit Card Processing Fees	44,948	-	11,237	56,185
Interest Expense	-	3,017	-	3,017
Advertising	11,338	-	2,835	14,173
Travel	8,838	1,105	1,105	11,048
Dues and Subscriptions	4,054	507	506	5,067
Staff Training and Recognition	3,399	425	425	4,249
Rent	45,152	31,118	31,118	107,388
Utilities	59,025	7,378	7,378	73,781
Repairs and Maintenance	53,891	-	-	53,891
Software	27,413	3,427	3,426	34,266
Depreciation	69,134	8,642	8,641	86,417
TOTAL EXPENSES	<u>\$ 3,642,168</u>	<u>\$ 633,487</u>	<u>\$ 562,212</u>	<u>\$ 4,837,867</u>

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

ANDERSON ANIMAL SHELTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization

Anderson Animal Shelter (the "Organization") (doing business as Anderson Humane Center and Fox Valley Wildlife Center) is a not-for-profit organization incorporated in 1966, under the laws of the State of Illinois. The Organization provides a variety of services designed to create and foster lifelong, positive relationships between pets and their owners. The Organization offers pet adoption services and educational programs to pet owners in the Fox Valley area. The Organization also offers low cost veterinary care services in South Elgin. The operations of the Organization are primarily supported by donor contributions, grants, and program fees.

This summary of significant accounting policies of the Organization is presented to assist in understanding these financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to the modified cash basis of accounting and have been consistently applied in preparation of these financial statements.

Basis of Accounting

The financial statements of the Organization have been prepared on the modified cash basis of accounting, which recognizes certain revenue and related assets when received, rather than when earned, and certain expenses when paid, rather than when incurred. This also includes the recording of property and equipment as assets, and the subsequent depreciation of such assets.

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions are resources available to support operations and are not subject to grantor or donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by the board of directors.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of revenues, expenses, and changes in net assets – modified cash basis as net assets released from restrictions.

As of December 31, 2023, the Organization had net assets with donor restrictions totaling \$886,852.

ANDERSON ANIMAL SHELTER

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Cash and Cash Equivalents

The Organization considers highly liquid investments with an initial maturity of three months or less to be cash equivalents, except those held for long-term investment.

Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The standard insurance amount is \$250,000 per depositor, per insured bank, for each account ownership category. The Federal Deposit Insurance Corporation (FDIC) provides separate coverage for deposits held in different account ownership categories. All deposits that an accountholder has at the same ownership category at the same bank are added together and insured up to the standard insurance amount. At times, cash and cash equivalent balances may be in excess of the FDIC insurance limit; that excess is uninsured.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of assets, liabilities, and net assets – modified cash basis. Investment income or loss (including gains and losses on investments and interest) is included in the statements of revenues, expenses, and changes in net assets – modified cash basis as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of market risk associated with certain investment securities, it is possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of assets, liabilities, and net assets – modified cash basis.

Property and Equipment

Purchased property and equipment is stated at cost. Maintenance and repairs that do not substantially improve or extend the lives of fixed assets are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts, and any gain or loss is reported in the statements of revenues, expenses, and changes in net assets – modified cash basis. Depreciation is computed over the estimated useful lives on the straight-line method, and the useful lives of each category of fixed assets are as follows:

Building and Building Improvements	10-40 Years
Land and Land Improvements	10-20 Years
Shelter Equipment	5-22 Years
Vehicles	5 Years
Office Equipment	5-10 Years
Clinic Equipment	5-10 Years

ANDERSON ANIMAL SHELTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Use of 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Income Taxes

The Organization has been determined by the Internal Revenue Service to be exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax has been established.

The Organization follows the guidance of Accounting Standards Codification (ASC) 740, *Accounting for Income Taxes*, related to uncertainties in income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. There are no such uncertain tax positions for the Organization for the year ended December 31, 2023. The Organization's federal and state information returns are subject to examination, generally for three years after the filing date.

Advertising Expenses

Advertising costs are expensed as incurred. Total advertising expenses for the year December 31, 2023 were \$14,173.

Revenue Recognition

Adoption and Program Service Revenue

The Organization provides homes to sheltered animals through adoption and receives a fee in connection with the adoption of each animal. Each person adopting an animal enters into a signed adoption agreement which specifically states the terms for adoption. The agreement consists of one performance obligation, which is providing the specific animal to the person entering the adoption agreement. The adoption price is specifically stated in the agreement. Payment is made when the adopter signs the agreement, and the animal is delivered simultaneously. Adoption revenue is recognized the day of the animal's adoption.

The Organization receives revenue from individuals who bring in their animal for preventive care and spay/neuter services. Customers pay the Organization after completion of the procedure which completes the transaction. Fees vary depending on the procedure and type of animal.

Contributions and Grants

Contributions and grants received are recorded as without donor restrictions or with donor restrictions, depending on the existence and nature of any donor restrictions. Contributions with donor restrictions where restrictions are met in the same year as received are reported as without donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is when a stipulated time restrictions expires, or the purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as

ANDERSON ANIMAL SHELTER

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

increases in net assets with donor restrictions, depending on the nature of restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of revenues, expenses, and changes in net assets – modified cash basis as net assets released from restrictions.

Special Events Revenue

The Organization records special events revenue equal to the fair value of the direct benefits provided to donors for the exchange portion and contribution income for the excess received. The Organization typically receives payment for the event in advance based on a set ticket price. Special event revenue received in advance is recorded as deferred revenue and is recognized at the point in time when the event occurs.

Donated Services and In-Kind Contributions

The Organization receives a substantial number of services donated by volunteers for programs and fundraising campaigns during a given year. These donated services are not reflected in the financial statements. The Organization also receives substantial contributions of materials and supplies and occasional donations of property and equipment.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of revenues, expenses, and changes in net assets – modified cash basis. The statement of functional expenses – modified cash basis presents the natural classification detail of expenses by function. Natural expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas, while indirect costs that benefit multiple functional areas have been allocated among various functional areas using a variety of cost allocation techniques such as time and effort.

NOTE B – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization monitors its liquidity to be able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. Financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$	196,932
Less: Donor imposed restrictions		<u>80,000</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>116,932</u>

ANDERSON ANIMAL SHELTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE C – PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following at December 31, 2023:

Building and Building Improvements	\$ 1,606,583
Land and Land Improvements	1,695,496
Shelter Equipment	140,220
Vehicles	96,901
Office Equipment	41,791
Clinic Equipment	50,405
Construction in Progress	<u>304,744</u>
	3,936,140
Less: Accumulated Depreciation	<u>(1,365,171)</u>
Property and Equipment, Net:	<u>\$ 2,570,969</u>

Depreciation expense totaled \$86,417 for the year ended December 31, 2023.

NOTE D – RETIREMENT PLAN

The Organization provides a simple IRA plan which is available to substantially all employees. The Organization did not make matching contributions for the year ended December 31, 2023.

NOTE E – FUTURE MINIMUM LEASE PAYMENTS

The Organization is obligated under two operating leases for administrative office space and space for the veterinary clinic, which expire on various dates through March 31, 2027. Rent expense for the years ended December 31, 2023 and 2022 was \$107,388.

The Organization is also obligated under operating equipment leases for laundry equipment and copiers which expire at various dates through December 2029. Total expense for the lease equipment for December 31, 2023 was \$23,709.

Future minimum lease payments required under the above operating leases are as follows:

2024	\$ 131,733
2025	136,667
2026	63,879
2027	19,930
Thereafter	8,625

ANDERSON ANIMAL SHELTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE F – CONCENTRATIONS

The Organization had approximately 8% of its total revenue and public support from the federal Employee Retention Credit program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act for the year ended December 31, 2023.

For the fiscal year ended December 31, 2023, approximately 46% of contributions revenue was from one donor.

NOTE G – RELATED PARTY

Contributions from board members during the year ended December 31, 2023 totaled \$1,166,035.

In January 2023, the Organization received a \$50,000 loan from an executive officer of the Organization with an interest rate of 6% per annum and repayable within five years. The Organization repaid the full loan amount and interest expense of \$2,126 in August 2023.

NOTE H – CONTINGENCIES

During fiscal year 2023, the Organization received \$445,150 from the Employee Retention Credit (ERC) program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The Organization accounts for ERC's under FASB ASC 450, Contingencies, recognizing the gain contingency when it is received. The amount is presented as Employee Retention Credit in the Statement of Activities and the credits related to payroll costs from the quarters ending June 30, 2020 and September 30, 2021. Claims made under the CARES Act may be subject to retroactive audit and review. In the opinion of management, any potential liabilities resulting from these contingencies would not have a material effect on the Organization's financial position or changes in net assets.

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2023 are as follows:

Veterinary Clinic Supplies	\$	80,000
Kennel Habitats		51,500
Construction for New Shelter		<u>755,352</u>
		<u>806,852</u>
Total	\$	<u>886,852</u>

ANDERSON ANIMAL SHELTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE J – RENTAL INCOME

The Organization leases farmland to an unrelated third party that will expire on July 31, 2025. Rental income for the years ended December 31, 2023 was \$21,000. The future minimum rental income are as follows:

2024	\$	42,000
2025		21,000

NOTE K - MANAGEMENT’S RESPONSE TO PRIOR YEAR LOSSES

The Organization previously incurred a significant reduction in net assets during 2022 of approximately \$927,000 due to a loss. To address these reductions in net assets, the board of directors and management reduced the Organization’s headcount and cut other expenses while also pursuing additional funding sources to increase its liquidity and net assets. The Organization also paused their capital campaign to build a new shelter. The board of directors and management believe these cost reductions will eliminate future operating losses. The Organization has partially funded their restricted net asset balance in a separate bank account in 2023.

NOTE L – PRIOR PERIOD ADJUSTMENT

During the fiscal year ended December 31, 2023, the Organization received a corrected payroll tax return for September 30, 2022 from the Internal Revenue Service that was previously amended by the Organization’s third party payroll processor. Based on this information, the Organization determined that a receivable recorded during December 31, 2022, from the Internal Revenue Service was misstated. To better align with US Generally Accepted Accounting Principles, the beginning net assets are restated by (\$154,592) and is summarized as the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net assets, beginning of year as previously reported	\$ 2,214,791	\$ 659,813	\$ 2,874,604
Payroll taxes	(154,592)	-	(154,592)
Net Assets, beginning of year as restated	<u>\$ 2,060,199</u>	<u>\$ 659,813</u>	<u>\$ 2,720,012</u>

NOTE M – SUBSEQUENT EVENTS

The management of the Organization has evaluated events subsequent to the statement of assets, liabilities, and net assets - modified cash basis date of December 31, 2023, through July 22, 2024, the date the financial statements were available to be issued. It has concluded that there are no effects that provide additional evidence about conditions that existed at the statement of assets, liabilities, and net assets - modified cash basis date that require recognition in the 2023 financial statements or related note disclosures in accordance with FASB ASC 855, *Subsequent Events*.