

---

**OUR COMPANIONS DOMESTIC ANIMAL  
SANCTUARY, INC.**

---

Annual Financial Statements

For the 18 Months Ended June 30, 2021

**OUR COMPANIONS DOMESTIC ANIMAL SANCTUARY, INC.**

Table of Contents

June 30, 2021

---

	<b><u>PAGE</u></b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to the Financial Statements	7

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Our Companions Domestic Animal Sanctuary, Inc.  
Manchester, CT

We have audited the accompanying financial statements of Our Companions Domestic Animal Sanctuary, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, cash flows, and functional expenses for the 18 months then ended, and the related notes to the financial statements.

### **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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Our Companions as of June 30, 2021, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*King, King & Associates*

King, King & Associates, CPA's  
Winsted, CT  
December 9, 2021

# OUR COMPANIONS DOMESTIC ANIMAL SANCTUARY, INC.

## Statement of Financial Position

June 30, 2021

### ASSETS

Cash and Cash Equivalents	\$ 156,851
Short Term Pledges Receivable	220,900
Prepaid Insurance	4,977
Investments at Fair Value	2,665,579
Long Term Pledges Receivable	444,100
Property and Equipment, Net	2,923,093

**TOTAL ASSETS** \$ 6,415,500

### LIABILITIES

Payroll Taxes Payable	\$ 332
Sales Tax Payable	562
Accounts Payable	1,380

**TOTAL LIABILITIES** 2,274

### NET ASSETS

Without Donor Restrictions:	
Undesignated	3,951,989
Board Designated: Endowment	829,870
Management Designated: Reserve	21,435
With Donor Restrictions	
Capital Campaign	1,520,396
Annual Pledges: Long-Term	60,000
Purpose Restricted	29,536

**TOTAL NET ASSETS** 6,413,226

**TOTAL LIABILITIES AND NET ASSETS** \$ 6,415,500

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

**OUR COMPANIONS DOMESTIC ANIMAL SANCTUARY, INC.**

Statement of Activities

For the 18 Months Ended June 30, 2021

<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>Operating</u>	<u>Capital Campaign</u>	<u>Total</u>
<i>Revenues and Other Support</i>			
Donations/Contributions	\$ 1,846,312	\$ -	\$ 1,846,312
Program Fee Income	32,534	-	32,534
Payroll Protection Program	164,655	-	164,655
Interest Income	7,039	-	7,039
Investment Return	195,805	-	195,805
Total Revenues and Other Support	<u>2,246,345</u>	<u>-</u>	<u>2,246,345</u>
Net Assets Released from Restriction	70,923	-	70,923
<b>TOTAL SUPPORT</b>	<b><u>2,317,268</u></b>	<b><u>-</u></b>	<b><u>2,317,268</u></b>
<i>Expenses</i>			
Program Services	2,123,519	-	2,123,519
Management & General	204,645	-	204,645
Fundraising	103,500	-	103,500
Total Expenses	<u>2,431,664</u>	<u>-</u>	<u>2,431,664</u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b><u>(114,396)</u></b>	<b><u>-</u></b>	<b><u>(114,396)</u></b>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>			
Donations/Grants	18,835	948,888	967,723
Net Assets Released from Restriction	<u>(9,181)</u>	<u>(61,742)</u>	<u>(70,923)</u>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<b><u>9,654</u></b>	<b><u>887,146</u></b>	<b><u>896,800</u></b>
Total Change in Net Assets	(104,742)	887,146	782,404
Beginning Net Assets	5,252,572	378,250	5,630,822
<b>Ending Net Assets</b>	<b><u>\$ 5,147,830</u></b>	<b><u>\$ 1,265,396</u></b>	<b><u>\$ 6,413,226</u></b>

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

**OUR COMPANIONS DOMESTIC ANIMAL SANCTUARY, INC.**

Statement of Cash Flows

For the 18 Months Ended June 30, 2021

---

**Cash Flow Provided by Operating Activities**

Change in Net Assets \$ 782,404

Adjustments to Reconcile Increase in Net Assets to Net Cash  
Provided by Operating Activities:

Depreciation 190,589

Realized/Unrealized (Gain)/Loss on Investments (187,271)

(Increase)/Decrease in:

    Pledges Receivable (436,750)

    Prepaid Expenses 13,233

Increase/(Decrease) in:

    Payroll Taxes Payable 332

    Sales Tax Payable (504)

    Accounts Payable (7,770)

**Net Cash Provided By Operating Activities** 354,263

**Cash Flow Provided by Investing Activities**

Purchase of Fixed Assets (40,398)

Purchases of Investments (748,932)

Proceeds from Sale of Investments 265,959

**Net Cash Used By Investing Activities** (523,371)

**Cash Flow Provided by Financing Activities**

-

**Net Increase/(Decrease) In Cash and Cash Equivalents** (169,108)

Beginning Cash and Cash Equivalents 325,959

**Ending Cash and Cash Equivalents** \$ 156,851

**Supplemental Information**

Interest Paid \$ -

Income Taxes Paid \$ -

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

**OUR COMPANIONS DOMESTIC ANIMAL SANCTUARY, INC.**

Statement of Functional Expenses  
For the 18 Months Ended June 30, 2021

	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Total</u>
<b>Salaries and Related Expenses:</b>				
Salaries	\$ 1,164,058	\$ 109,400	\$ 59,160	\$ 1,332,618
Payroll Taxes	<u>102,039</u>	<u>9,590</u>	<u>5,186</u>	<u>116,815</u>
<b>Total Salaries and Related Expenses</b>	<b><u>1,266,097</u></b>	<b><u>118,990</u></b>	<b><u>64,346</u></b>	<b><u>1,449,433</u></b>
<b>Other Expenses:</b>				
Advocacy	23,450	-	-	23,450
Bank Fees	-	2,774	-	2,774
Cell and Desk Phones	12,895	2,134	2,505	17,534
Conference/Seminar Registration	3,906	-	-	3,906
Credit Card Processing Fees	-	11,797	-	11,797
Depreciation Expense	190,589	-	-	190,589
Educational Materials	-	224	-	224
Facility Supplies	22,365	565	25	22,955
Federal & State Filing Fees	1,320	575	-	1,895
Food/Meals/Entertainment	976	183	-	1,159
Information Technology Service	59,788	8,549	9,174	77,511
Insurance	75,669	13,033	1,630	90,332
Landscaping Expense	454	-	-	454
Miscellaneous Expense	191	-	-	191
Office Supplies	6,990	6,274	180	13,444
Pet Care Expenses	58,666	-	-	58,666
Postage	6,420	9,551	6,242	22,213
Printing	29,003	110	8,016	37,129
Professional Fees/Consultants	18,662	12,971	11,369	43,002
Promotional	1,377	-	13	1,390
Rental & Lease Expense	50,400	12,600	-	63,000
Repairs/Maintenance	14,275	370	-	14,645
Stewardship/Cultivation	4,207	164	-	4,371
Training Program	4,977	-	-	4,977
Travel	762	-	-	762
Utilities	63,166	3,781	-	66,947
Veterinary	205,162	-	-	205,162
Volunteer Expenses	<u>1,752</u>	<u>-</u>	<u>-</u>	<u>1,752</u>
<b>Total Other Expenses</b>	<b><u>857,422</u></b>	<b><u>85,655</u></b>	<b><u>39,154</u></b>	<b><u>982,231</u></b>
<b>Total Functional Expenses</b>	<b><u>\$ 2,123,519</u></b>	<b><u>\$ 204,645</u></b>	<b><u>\$ 103,500</u></b>	<b><u>\$ 2,431,664</u></b>

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

# OUR COMPANIONS DOMESTIC ANIMAL SANCTUARY, INC.

## Notes to the Financial Statements

---

### NOTE 1 – DESCRIPTION OF ORGANIZATION

Our Companions Domestic Animal Sanctuary, Inc. (“Our Companions”), is a nonprofit organization founded in May 2002, for the purpose of alleviating the plight of healthy domestic animals facing euthanasia. Our Companions is exempt from federal income tax under Section 501(c) (3) of the U.S. Internal Revenue Code. However, income from certain activities not directly related to the Our Companions’ tax-exempt purpose may be subject to taxation as unrelated business income. The main activity of Our Companions is to create a sanctuary that will care for domestic animals facing euthanasia, provide low-cost pet behavioral services, and initiate statewide partnerships with other animal welfare organizations to create programs that address the root causes of pet homelessness. Our Companions is supported by contributions from the public and is the beneficiary of various fundraising activities in the community.

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Our Companions is presented to assist in understanding the organization’s financial statements. These financial statements and notes are the representations of Our Companions’ management who are responsible for their integrity and objectivity. These accounting policies conform to the accrual basis of accounting.

#### **Basis of Accounting**

The financial statements of Our Companions Domestic Animal Sanctuary have been prepared on the accrual-basis of accounting, and accordingly reflect all significant receivables, payables, and other liabilities. Revenue is recognized when earned and expenditures when incurred.

#### **Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires estimates by management. The actual results of operations may differ from management estimates.

#### **Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposit accounts, as well as short-term investments with a maturity date within three months of the date acquired by Our Companions.

#### **Investments**

Investments in marketable equity securities with readily determinable fair values are stated at fair market value. Investments in Certificates of Deposit are stated at cost. Short-term investments held inside brokerage accounts are reported as investments.

#### **Fair Value of Financial Instruments**

The Organization measures the fair value of its assets and liabilities under a three-level hierarchy, as follows:

**Level 1:** Quoted market prices for identical assets or liabilities to which an entity has access at the measurement date.

## OUR COMPANIONS DOMESTIC ANIMAL SANCTUARY, INC.

### Notes to the Financial Statements

---

**Level 2:** Inputs and information other than quoted market indices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- a. Quoted prices for similar assets or liabilities in active markets.
- b. Quoted prices for identical or similar assets in markets that are not active;
- c. Observable inputs other than quoted prices for the asset or liability;
- d. Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

**Level 3:** Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

*Observable inputs* reflect the assumptions market participants would use in pricing the asset or liability developed from sources independent of the reporting entity; and *unobservable inputs* reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Investments are carried at fair value based on Level 1 and presented in Note 5. The Organization believes that the carrying amount of its investments is a reasonable fair value as of June 30, 2021.

#### **Endowments**

The Financial Accounting Standards Board (FASB) issued staff position No. FAS 117-1: Endowments of Not-For-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for all Endowment Funds (FAS 117-1). FAS 117-1 provides accounting standards on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). FAS 117-1 also provides for other disclosures concerning an organization's endowment funds and whether or not the organization is subject to UPMIFA. The State of Connecticut adopted its version of UPMIFA, which became effective October 1, 2007 (CTPMIFA). Prior to the issuance of FAS 117-1, accumulated gains and income on donor restricted endowment assets were classified as net assets with donor restrictions. Under FAS No. 117-1, accumulated gains and income on donor-restricted endowment assets of perpetual duration are classified as Net Assets with Donor Restrictions until appropriated for expenditure.

Investment Policy – From time to time, Our Companions Board of Directors may vote to approve a specific amount of funds to be set aside and designated as Board Designated Endowment on the financial statement balance sheet. These funds will be classified as undesignated net assets without donor restrictions because the source of funds are unrestricted general donations. The original principal amount cannot be accessed without an approved board resolution. The board must pursue all available

## OUR COMPANIONS DOMESTIC ANIMAL SANCTUARY, INC.

### Notes to the Financial Statements

---

options before accessing the principal funds, including (but not limited to) budget reductions, pursuing insurance reimbursements, enhancing development efforts, delayed new programs, etc.

A portion or all of the Board Designated Funds may be placed in investments other than traditional FDIC bank accounts. The amount invested and the specific investments must be approved by the Finance Committee. The Vanguard Total World Stock shall be the primary fund that the Board Designated Funds are invested in. The investment funds may be changed based on finance committee recommendation and subject to Board of Directors approval.

The investment income earned by the Board Designated Fund is considered unrestricted revenue and may be distributed to the organization as General Operating Revenue for its programs without board approval. However, no distribution of the investment earnings shall decrease the total market value of the Board Designated Fund below 100% of the original principal contribution balance. In addition, the annual distribution of investment income should never exceed 5% of the total market value of the Board Designated Fund.

Each year, based on the fund's total market value as of May 1, the Finance Committee shall recommend to the Board an amount to be transferred from the unrestricted income and/or gain of the Board Designated Fund to the General Operating Fund.

The Finance Committee shall review the Investment Policies at least once a year to determine if modifications are necessary or desirable. Any proposed modifications must be approved by the Board.

#### **Land, Buildings, and Equipment**

Our Companions owns land, buildings, and equipment that have been recorded at cost, if purchased, or fair market value, if donated. Purchases over \$2,000 are capitalized as Land, Buildings, and Equipment. Depreciation is computed on a combination of straight-line and accelerated methods over the estimated useful lives of the assets listed below:

Building and Building Improvements	39 years
Furniture and Fixtures	7 years
Computer and Communication Equipment	5 years
Vehicles	5 years
Land Improvements	10 years
Machinery and Equipment	7 years

#### **Donated Services**

Donated services are recognized as contributions in accordance with FASB ASC 958-605-50-1, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Our Companions. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign

## OUR COMPANIONS DOMESTIC ANIMAL SANCTUARY, INC.

### Notes to the Financial Statements

---

solicitations, and various committee assignments; however, these services are not recognized in the financial statements.

#### **Cash and Other Contributions**

Our Companions reports gifts of cash and other assets as Net Assets with Donor Restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the amount is reclassified to Net Assets without Donor Restrictions and reported in the statement of activities as fund balance released from restrictions. Contributions with donor restrictions are reported as increases to Net Assets without Donor Restrictions when restrictions expire in the reporting period that the contributions are reported as revenues.

Program Fee revenue is recognized at the point in time when the performance obligations are satisfied. Our Companions recognizes revenues in accordance with the provisions of Revenue from Contracts with Customers (ASC606). Generally, contract periods do not extend beyond the end of the fiscal year.

#### **Investment Income**

Interest and dividends earned on savings accounts, as well as any other form of investment income is included. Restricted gains and investment income whose restrictions are met in the same reporting period are reported as Net Assets without Donor Restrictions.

#### **Compensated Absences**

The organization does not accrue compensated absences as they are not carried over to subsequent periods.

#### **Expense Allocation**

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

#### **Review for Subsequent Events**

In connection with the preparation of the financial statements of Our Companions as of and for the 18 months ended June 30, 2021, events and transactions subsequent to June 30, 2021, through December 9, 2021, the date the financial statements were available to be issued, have been evaluated by Our Companions' management for possible adjustment and/or disclosure.

# OUR COMPANIONS DOMESTIC ANIMAL SANCTUARY, INC.

## Notes to the Financial Statements

---

### NOTE 3 – LIQUIDITY POLICY

It is Our Companions' policy to have sufficient liquid assets on hand at all times to cover 60 days of budgeted expenses. Liquid assets include non-restricted funds such as bank checking accounts, business savings accounts and cash & money market funds held within investment accounts. The liquidity level will be monitored on a monthly basis via a notation on the balance sheet indicating the liquidity level. In the event that the liquid assets fall below the 60-day threshold a special meeting of the Finance Committee would be convened to determine a plan to raise the liquidity back to the required minimum level.

Our Companions financial assets due within one year of the statement of financial position date for general expenditures are as follows:

Cash and Cash & Money Market within Investments	\$ 1,992,560
Pledges Receivable	<u>220,900</u>
	2,213,460
Less: Donor Restrictions for Specific Purposes	<u>29,536</u>
Total Financial Assets available	<u>\$ 2,183,924</u>

### NOTE 4 – DETAILED NOTES ON ASSETS, LIABILITIES, AND FUND BALANCES

#### Cash and Cash Equivalents

At June 30, 2021, the carrying amount of Our Companions' cash equivalents and deposits was \$155,750 and the bank balance was \$140,130.

Reported as Cash and Cash Equivalents	\$ 155,750
Reported as Investments	<u>1,101</u>
	<u>\$ 156,851</u>

#### Promises to Give

Unconditional promises to give have been pledged over a span of 1 to 4 years for the annual fund and capital campaign. No allowance has been established as of the date of these financial statements as there have been very little uncollectible amounts historically. The pledges are reported at face value as the discounted value was determined to be immaterial.

Pledges Receivable	
Less than One Year	\$ 220,900
Due in One to Five Years	444,100
Less: Allowance for Uncollectible Accounts	<u>-</u>
Net Unconditional Promises to Give	<u>\$ 665,000</u>

**OUR COMPANIONS DOMESTIC ANIMAL SANCTUARY, INC.**

Notes to the Financial Statements

---

**Fixed Assets**

Fixed Assets are summarized as follows:

	Balance as of 6/30/2021
Real Property	\$ 564,584
Building & Improvements	2,580,021
Leashold Improvements	18,877
Land Improvements	561,693
Furniture & Fixtures	61,154
Machinery & Equipment	55,973
Vehicles	22,895
Computer & Phone Equipment	22,174
Construction in Process	22,491
Total	3,909,862
Less: Accumulated Depreciation	(986,769)
Total	<u>\$ 2,923,093</u>

Depreciation expense for the 18 months ended June 30, 2021, is \$190,589.

**Net Assets with Donor Restrictions**

Net Assets with Donor Restrictions are summarized as follows:

	Balance as of 6/30/2021
Capital Campaign	\$ 1,520,396
Sherwin Fund	2,081
Mortensen Foundation	(85)
Christine Knuth	5,804
Wiederhold Foundation	10,000
Pop-Up Clinic, Mansfield	6,000
Buddy Project	5,736
Long-Term Pledges	60,000
	<u>\$ 1,609,932</u>

**Endowment Fund**

Changes in endowment net assets as of June 30, 2021, are as follows:

	<b>Board Designated</b>
Endowment Net Assets, at 12/31/19	\$ 701,998
Investment Return	190,053
Appropriated for Expenditure	(62,181)
Endowment Net Assets, at 6/30/2021	<u>\$ 829,870</u>

**OUR COMPANIONS DOMESTIC ANIMAL SANCTUARY, INC.**

Notes to the Financial Statements

**NOTE 5 - FAIR VALUE INFORMATION**

	Balance as of 6/30/2021	<u>Fair Value Measurement Using</u>		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Funds	\$ 1,101	\$ 1,101	\$ -	\$ -
Mutual Funds	1,835,709	1,835,709	-	-
Index Funds	829,870	829,870	-	-
<b>Total</b>	<b>\$ 2,666,680</b>	<b>\$ 2,666,680</b>	<b>\$ -</b>	<b>\$ -</b>

**NOTE 6 – OFFICE SPACE**

In October 2017, Our Companions renewed their lease on office space requiring monthly payments of \$3,500 for 5 years. Rent and lease expense for the 18 months ended June 30, 2021, totaled \$63,000. Total lease payments remaining are as follows:

FY 2022	\$ 42,000
FY 2023	<u>14,000</u>
	\$ 56,000

**NOTE 7 – ALLOCATION OF EXPENSES AMONG PROGRAMS AND SUPPORTING SERVICES**

Every expense account on the statement of revenue and expenses is analyzed to determine if it should be categorized as either program, fundraising, or management, and a detailed procedural document has been created which is used to code every invoice with the correct functional category. The functional expenses are tracked and coded at the invoice level, and when the invoices are entered into the Quickbooks program, they are assigned a class code identifying them as either Management, Program, or Fundraising expense. Our Companions' main program is operating the animal sanctuary in Ashford, CT, and as such, most expenses related to the sanctuary are coded as program. Other expenses related to the program center (such as utilities) are allocated based on square footage, with the dog training room accounting for 80% of the facility space. The detailed Functional Expense Policy gives further detail regarding how each general ledger expense account is allocated to a functional expense category.