

Humane Society of Westchester, Inc.

Financial Statements
(Together with Independent Auditor's Report)

For the years ended
October 31, 2021 and 2020

Humane Society of Westchester, Inc.
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October 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

Frank A. Salandra, CPA
Nancy A. Vernali, CPA

To the Board of Directors of Humane Society of Westchester, Inc.

We have audited the accompanying financial statements of Humane Society of Westchester, Inc., which comprise the statements of financial position as of October 31, 2021 and 2020, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and the 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 controls 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 audits. We conducted our audits 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 of 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 Humane Society of Westchester, Inc. as of October 31, 2021 and 2020 and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Frank A. Salandra & Co. CPAs LLP

Harrison, New York
December 20, 2021

Humane Society of Westchester, Inc.
Statement of Financial Position
As of October 31, 2021 and 2020

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	Oct 31, 2021	Oct 31, 2020
Assets		
<i>Current Assets</i>		
Cash in Bank	\$ 721,702	\$ 1,627,286
Accounts Receivable	2,657	900
Short-Term Investments	841,261	719,854
Prepaid Expenses	1,400	2,180
Total Current Assets	<u>1,567,020</u>	<u>2,350,220</u>
Fixed Assets		
Equipment and Vehicles	208,955	208,955
P. Carey Clinic	75,238	75,238
Thrift Shop Improvements	2,900	2,900
Building Expansion	3,995,652	79,964
Accumulated Depreciation	(224,784)	(206,960)
Net Fixed Assets	<u>4,057,961</u>	<u>160,097</u>
Other Assets		
Building Costs in Progress	-	2,294,486
Total Other Assets	<u>-</u>	<u>2,294,486</u>
Total Assets	<u>\$ 5,624,981</u>	<u>\$ 4,804,803</u>
Liabilities and Net Assets		
Liabilities		
<i>Current Liabilities</i>		
Accrued Expenses	\$ 4,093	\$ 6,573
Total Current Liabilities	4,093	6,573
Total Liabilities	<u>4,093</u>	<u>6,573</u>
Net Assets		
Without donor restrictions	5,560,888	4,727,067
With donor restrictions	60,000	71,163
Total Net Assets	<u>5,620,888</u>	<u>4,798,230</u>
Total Liabilities and Net Assets	<u>\$ 5,624,981</u>	<u>\$ 4,804,803</u>

See Independent Auditor's Report and Notes to the Financial Statements.

	Year Ended October 31, 2020									
	Without Donor Restrictions					With Donor Restrictions				
	Operating Fund	Special Project Fund	Help Heal Fund	TNR Fund	Total Without Donor Restrictions	Conclusion Fund	Building Fund	With Donor Restrictions	Total Funds	Total Funds
Revenues and Support										
Municipal Income	\$ 479,747	-	-	-	\$ 479,747	-	-	\$ -	\$ 479,747	\$ 458,340
Operating Income	230,984	-	-	-	230,984	-	-	-	230,984	227,101
Regular Fund-Raising Income	111,646	-	-	-	111,646	-	-	-	111,646	100,678
Special Fund-Raising	184,461	-	15,515	54,181	254,157	-	574,489	574,489	828,646	658,269
Gift Income	379,415	-	22,000	-	401,415	-	88,000	88,000	489,415	616,831
Total Revenues and Support	1,386,253	-	37,515	54,181	1,477,949	-	662,489	662,489	2,140,438	2,061,219
Functional Expenses										
Animal Expenses	265,940	-	13,440	27,660	307,040	-	-	-	307,040	263,893
Payroll Expenses	825,241	-	-	-	825,241	-	-	-	825,241	673,422
Administrative Expenses	44,741	-	-	-	44,741	-	-	-	44,741	25,779
Bank Charges	10,417	-	-	-	10,417	-	-	-	10,417	11,555
Automotive Expenses	2,663	-	-	-	2,663	-	-	-	2,663	2,102
Maintenance & Utility Expenses	37,020	-	-	-	37,020	-	-	-	37,020	23,089
Fund-Raising Expenses	45,350	-	-	-	45,350	-	-	-	45,350	98,195
Professional Fees	7,755	-	-	-	7,755	-	-	-	7,755	8,600
Insurance	99,047	-	-	-	99,047	-	-	-	99,047	112,881
Total Functional Expenses	1,338,174	-	13,440	27,660	1,379,274	-	-	-	1,379,274	1,219,516
Operating Income or (Loss)	48,079	-	24,075	26,521	98,675	-	662,489	662,489	761,164	841,703
Other Income:										
Interest/Dividends	20,278	-	-	-	20,278	-	-	-	20,278	22,428
Realized Gain	12,055	-	-	-	12,055	-	-	-	12,055	1,241
SBA PPP Loan and EIDL Grant	-	-	-	-	-	-	-	-	-	160,000
Total Other Income	32,333	-	-	-	32,333	-	-	-	32,333	183,669
Change in Net Assets before Depreciation	80,412	-	24,075	26,521	131,008	-	662,489	662,489	793,497	1,025,372
Depreciation	17,822	-	-	-	17,822	-	-	-	17,822	9,454
Change in Net Assets before Unrealized Gain/(Loss)	62,590	-	24,075	26,521	113,186	-	662,489	662,489	775,675	1,015,918
Unrealized Gain/(Loss)	46,983	-	-	-	46,983	-	-	-	46,983	23,724
Change in Net Assets	109,573	-	24,075	26,521	160,169	-	662,489	662,489	822,658	1,039,642
Net Assets, Beginning of Year	3,823,475	842,653	28,498	32,441	4,727,067	60,000	11,163	71,163	4,798,230	3,758,588
Transfers Between Funds	(104,897)	(842,653)	-	-	(947,550)	-	947,550	947,550	-	-
Capitalized Building Costs	1,621,202	-	-	-	1,621,202	-	(1,621,202)	(1,621,202)	-	-
Net Assets, End of Year	\$ 5,449,353	\$ -	\$ 52,573	\$ 58,962	\$ 5,560,888	\$ 60,000	\$ -	\$ 60,000	\$ 5,620,888	\$ 4,798,230

See Independent Auditor's Report and Notes to the Financial Statements.

Humane Society of Westchester, Inc.
Statement of Functional Expenses
As of October 31, 2021 and 2020

	<u>Oct 31,</u> <u>2021</u>	<u>Oct 31,</u> <u>2020</u>
Animal Expenses		
Food for Shelter	\$ 16,992	\$ 11,110
Medicines	111,266	96,177
Surgical Expenses	25,412	21,133
Spay & Neuter Expenses	103,428	85,773
Microchips	12,008	8,991
Program Services	3,441	3,063
Animal Supplies	10,630	9,244
Transport Costs	10,443	11,810
Help Heal Fund	13,420	16,592
Total Animal Expenses	<u>307,040</u>	<u>263,893</u>
Payroll Expenses		
Salaries	687,664	594,058
Holiday Expense	10,484	9,612
FICA Expenses	58,415	50,723
NYS Unemployment Insurance	5,859	1,237
Independent Contractors	60,000	17,500
Other Payroll Costs	2,819	792
Total Payroll Expenses	<u>825,241</u>	<u>673,922</u>
Administrative Expenses		
Office Supplies & Equipment	6,889	4,042
Computers & Systems	29,295	11,357
Postage	1,944	2,469
Telephone	4,842	7,396
Advertising	422	15
Administrator Other	1,349	-
Total Administrative Expenses	<u>44,741</u>	<u>25,279</u>
Bank Charges		
Bank Charges	325	1,700
Credit Cards Fees	6,854	7,333
Pay Pal Fees	3,238	2,522
Total Bank Charges	<u>10,417</u>	<u>11,555</u>

See Independent Auditor's Report and notes to the Financial Statements

Humane Society of Westchester, Inc.
Statement of Functional Expenses (Continued)
As of October 31, 2021 and 2020

Automotive Expenses

Auto Service & Supplies	2,663	2,102
Total Automotive Expenses	<u>2,663</u>	<u>2,102</u>

Maintenance & Utility Expenses

Repair & Maintenance	9,793	2,451
Cleaning	18,363	13,050
Water	8,648	7,588
Maint and Utility Expense	216	-
Total Maintenance & Utility Expense	<u>37,020</u>	<u>23,089</u>

Fund-Raising Expenses

Regular	1,685	441
Digital Expense	100	-
Calendar	-	798
Christmas Mailing	12,252	11,354
Photo Expense	-	477
T-shirts	2,340	-
Newsletter Spring	12,359	11,933
Newsletter Fall	-	9,901
Dog Park	3,542	659
Capital Campaign	12,822	62,632
Misc.	250	-
Total Fund-Raising Expenses	<u>45,350</u>	<u>98,195</u>

Professional Fees

Accountant/CPA	7,700	8,600
Professional Fees - Other	55	-
Total Professional Fees	<u>7,755</u>	<u>8,600</u>

Insurance

Health Care Plan	58,000	59,465
Directors & Officers	4,064	3,086
Property Coverage	8,894	19,575
Auto Coverage	8,744	6,430
Workers Compensation Premium	12,196	10,289
Umbrella	4,089	3,610
Disability Premium	217	1,894
Aflac	-	1,526
Dental Insurance	-	62
Builder's Risk Insurance	2,843	6,944
Total Insurance	<u>99,047</u>	<u>112,881</u>
Total Expenses	<u>\$ 1,379,274</u>	<u>\$ 1,219,516</u>

See Independent Auditor's Report and Notes to the Financial Statements.

Humane Society of Westchester, Inc.
Statement of Cash Flows
As of October 31, 2021 and 2020

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	2021	2020
Cash Flows from Operating Activities		
- Increase in Net Assets	\$ 822,658	\$ 1,039,642
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
- Depreciation and Amortization	17,822	9,454
- Unrealized (gain)loss on investment	(46,983)	(23,724)
Changes in operating assets and liabilities:		
- (Increase) Decrease in Accts Receivable	(1,757)	2,634
- Decrease in Prepaid Expenses	780	1,813
- (Decrease) Increase in Other Assets	2,294,486	(2,294,486)
- (Decrease)Increase in Accts Payable and Accrued Expenses	(2,482)	(27,146)
Net Cash Provided by Operating Activities	<u>3,084,524</u>	<u>(1,291,813)</u>
Cash Flows from Investing Activities		
-(Increase) Decrease in building expansion	(3,915,686)	-
- Decrease(Increase) in Investments	(74,422)	45,976
Net Cash Used by Investing Activities	<u>(3,990,108)</u>	<u>45,976</u>
Net Decrease in Cash	(905,584)	(1,245,837)
Cash, Beginning	<u>1,627,286</u>	<u>2,873,123</u>
Cash, Ending	<u>\$ 721,702</u>	<u>\$ 1,627,286</u>

See Independent Auditor's Report and Notes to the Financial Statements.

Humane Society of Westchester, Inc.
Notes to Financial Statements
October 31, 2021 and 2020

NOTE A – DESCRIPTION OF THE ORGANIZATION

Humane Society of Westchester, Inc. (the “Organization”) was organized in 1911 as New Rochelle Humane Society under the not for profit laws of New York, as well as being exempt under Section 501 (c) (3) of the Internal Revenue Code. The principal activity is animal control, rescue and adoption funded through municipal contracts and public donation.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The financial statements of the Organization have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (“U.S. GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net assets classifications.

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

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

Operating Revenue and Support - Revenues are primarily received from either fees from various municipalities, fund raising or donations. Expenses are reported as decreases in without donor restrictions. Contributions with donor-imposed restrictions, such as time or purpose restrictions, are recorded as with donor restrictions. When donor-imposed time conditions expire, or a donor-imposed purpose restriction is fulfilled, the with donor restrictions net assets are released to without donor restrictions net assets. These satisfactions of donor-imposed restrictions are reported as net assets released from restrictions. Conditional promises to give are not recognized until they become unconditional, that is, the conditions on which they depend are substantially met.

Income taxes – The Organization is classified as a public charity by Internal Revenue Services, therefore is exempt from federal income taxes under Section 501 (c)(3) of the United States Internal Revenue Code, as well as state and local taxes.

The Organization is subject to the provisions of the Financial Accounting Standards Board’s (the “FASB”) Accounting Standards Codification (“ASC”) Topic 740, Income Taxes, as it relates to accounting and reporting for uncertainty in income taxes. Because of the Fund’s general tax-exempt status, management believes ASC Topic 740 has not had, or is not expected to have, a material impact on the Organization’s financial statements.

Humane Society of Westchester, Inc.
Notes to Financial Statements
October 31, 2021 and 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and short term investments – is defined to include all bank deposits, including money market accounts and certificates of deposit that have an original maturity of three months or less as well as money market mutual funds that maintain a constant value of \$1.00 per share and can be readily converted into cash.

Use of estimates – The Organization uses estimates in preparing financial statements in conformity with accounting principles generally accepted in the United States of America. The Organization regularly assesses these estimates and while actual results may differ from these estimates, the board believes that material changes will not occur in the near future.

Functional Allocation Expenses – The costs of program and supporting activities have been summarized on a functional basis in the Statement of Functional Expenses.

The Organization's expenses can generally be directly identified with the program or supporting service to which they related and are charged accordingly.

Subsequent Events – The Organization has evaluated subsequent events through December 20, 2021, the date the financial statements were available to be issued and is not aware of any material subsequent events.

NOTE C- FIXED ASSETS

The Organization has fixed assets stated at cost less accumulated depreciation and amortization. Depreciation has been calculated on a straight-line basis over a three to ten year estimated useful life. The new renovation project has been depreciated over 39 years according to GAAP (Generally Accepted Accounting Principles). As of October 31, 2021, and 2020 the net fixed asset amount is the salvage value remaining after being fully depreciated.

NOTE D- CONTINGENCIES

The Organization has no contingencies that are pending as a result of operations.

NOTE E- CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to a concentration of credit risk include cash accounts with banks that may exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limit amount of \$250,000 per depositor.

The Organization had insured cash accounts that exceeded the FDIC insurance limit of \$250,000 for the years ended October 31, 2021 and 2020 by approximately \$471,702 and \$1,276,833, respectively.

Humane Society of Westchester, Inc.
Notes to Financial Statements
October 31, 2021 and 2020

NOTE G- LEASES

On October 24, 2014, Humane Society of Westchester, Inc. Inc. signed a twenty year lease with the City of New Rochelle for the property at 70 Portman Road, New Rochelle, New York. The annual rent will be one dollar (\$1.00) per year. The lease also includes an option to renew for an additional twenty years beyond the duration of the lease upon renewal in 2034. The rent will remain the same at one dollar (\$1.00) per year upon renewal in 2034.

NOTE H- SHELTER RENOVATION PROJECT

During the audit period, the Organization raised money through a capital campaign to fund their renovation project to provide a larger revitalized shelter. The new shelter will create a more comfortable and modern facility for thousands of dogs, cats and other animals who stay before finding their homes. The renovation was completed by October 2021, therefore all costs were capitalized.

On January 22, 2019, the New York State Companion Animal Capital Fund awarded the Organization \$500,000 grant to be used towards capital improvements. Expenditures must be submitted to New York State and approved for reimbursement. In September 2020, \$138,000 was disbursed to the Organization according to the terms of the grant. In December 2020, an additional \$257,000 was disbursed and in April 2021 the final payment of \$105,000 was disbursed. All cost related to the renovation were capitalized and depreciated over 39 years according to GAAP.

In addition, in January 2020, Chase Bank approved a \$1,000,000 credit line with a two year term, January 21, 2020 to February 1, 2022, for the purpose of the renovation project if additional funds were necessary. As of October 31, 2020, the credit line remains at \$1,000,000 as no credit has been extended.



Frank A. Salandra & Co. CPAs LLP
Accountants and Consultants

Frank A. Salandra, CPA
Nancy A. Vernali, CPA

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
Humane Society of Westchester, Inc.

We have audited the financial statements of Humane Society of Westchester, Inc. for the years ended October 31, 2021 and 2020, and our report thereon dated December 10, 2021, which expressed an unmodified opinion on those financial statements, appears on Page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Supporting Schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Frank A. Salandra & Co. CPAs LLP

Harrison, New York

December 20, 2021

	Oct 31, 2021	Oct 31, 2020
Miscellaneous Support		
Municipal Income		
Port Chester	\$ 40,640	\$ 26,664
Eastchester	10,800	10,800
Greenburgh	87,783	86,919
New Rochelle	183,717	181,102
Pelham Manor	11,848	11,616
Pelham Village	11,084	10,932
Scarsdale	11,580	11,420
Larchmont	7,397	7,293
Mamaroneck Village	24,534	24,067
Mamaroneck Town	11,112	10,956
Harrison	36,845	36,198
City Of Rye	26,323	25,819
Rye Brook	16,084	14,554
Total Municipal Income	<u>479,747</u>	<u>458,340</u>
Operating Income		
Adoptions	138,718	147,401
Spay & Neuter Programs	49,681	39,780
Return to Owner	3,043	2,890
Microchips	39,997	36,608
Dog License	(455)	422
Total Operating Income	<u>230,984</u>	<u>227,101</u>
Regular Fund-Raising Income		
Mailing	88,474	73,155
Merchandise/Apparel	785	1,299
News Letter & others	22,387	23,140
Photo Fundraising	-	3,084
Total Regular Fund-Raising Income	<u>111,646</u>	<u>100,678</u>
Special Fund-Raising		
Sponsor a Pet/Sponser a Kennel	10,631	9,998
Calendar	-	4,850
Building Expansion Fund	703,794	564,459
Grants	35,600	14,500
Car Donations	979	728
Transport Sponsorship	2,840	-
Miscellaneous	-	1,022
Dog Park	5,100	2,940
Help Heal Fund	15,515	37,478
Special Events/Dog Wash	6	2,725
Trap/Neuter/Return Fund	54,181	19,569
Total Special Fund-Raising Income	<u>828,646</u>	<u>658,269</u>
Gift Income		
Bequests	82,516	88,615
Trust Income	110,000	105,000
Contributions	184,646	242,256
In Memorium	36,534	34,707
Matching Gifts	9,070	9,748
Honor Of	18,389	13,233
Canisters	1,094	2,014
Misc	-	35
Contributions Stock	47,166	121,223
Total Gift Income	<u>489,415</u>	<u>616,831</u>
Total Income	<u>\$ 2,140,438</u>	<u>\$ 2,061,219</u>

Humane Society of Westchester, Inc.
Schedule of Without Donor Restrictions and With Donor Restrictions (Detailed)
As of October 31, 2021 and 2020

	Without Donor Restrictions					With Donor Restrictions		
	Operating	Special Project Fund	Help Heal Fund	TNR Fund	Without Donor Restrictions	Conclusion Fund	Building Fund	With Donor Restrictions
Balance at 10/31/20:	\$ 3,823,475	\$ 842,653	\$ 28,498	\$ 32,441	\$ 4,727,067	\$ 60,000	\$ 11,163	\$ 71,163
Increases:								
Donations	1,386,253		37,515	54,181	1,477,949		662,489	662,489
Interest income	20,278				20,278			
Realized Gain	12,055				12,055			
Unrealized gain	46,983				46,983			
Transfers	-				-		947,550	947,550
Capitalized	1,621,202				1,621,202			
PPP Loan/EIDL Grant	-				-			
Decreases:								
Expenditures	(1,355,996)		(13,440)	(27,660)	(1,397,096)		(1,621,202)	(1,621,202)
Transfers	(104,897)	(842,653)			(947,550)			
Balance at 10/31/21:	<u>\$ 5,449,353</u>	<u>\$ -</u>	<u>\$ 52,573</u>	<u>\$ 58,962</u>	<u>\$ 5,560,888</u>	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ 60,000</u>

See Independent Auditor's Report on Supplementary Information.