

Friends of Animals, Inc.

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

April 30, 2021 and 2020

Friends of Animals, Inc.

Index

	<u>Page</u>
Independent Auditor's Report	2
Financial Statements	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	7
Statements of Cash Flows	9
Notes to Financial Statements	10
Supplementary information	
Expenses for Program Services - Public Information and Animal Protection Costs	22

Independent Auditor's Report

To the Board of Directors
Friends of Animals, Inc.

We have audited the accompanying financial statements of Friends of Animals, Inc. (a nonprofit organization), which comprise the statements of financial position as of April 30, 2021 and 2020, and the related statements of activities, 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 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 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 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 Friends of Animals, Inc. as of April 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenses for program services - public information and animal protection costs - is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was 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 audits 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.



Hartford, Connecticut
August 18, 2021

Friends of Animals, Inc.

**Statements of Financial Position
April 30, 2021 and 2020**

Assets

	2021	2020
Current assets		
Cash	\$ 442,081	\$ 557,293
Investments	3,816,289	559,977
Bequests receivable, net	111,859	1,554,094
Contributions and grants receivable, net	100,000	4,699
Merchandise inventory, net	185	3,811
Other current assets	10,034	19,867
Total current assets	<u>4,480,448</u>	<u>2,699,741</u>
Property and equipment		
Equipment and other	368,467	366,467
Accumulated depreciation	<u>(314,243)</u>	<u>(293,720)</u>
Total property and equipment, net	<u>54,224</u>	<u>72,747</u>
Other assets		
Vested interest in trusts	4,352,201	3,477,805
Deposits	14,556	14,556
Cash surrender value of officer life insurance	<u>-</u>	<u>218,018</u>
Total other assets	<u>4,366,757</u>	<u>3,710,379</u>
Total assets	<u><u>\$ 8,901,429</u></u>	<u><u>\$ 6,482,867</u></u>

Liabilities and Net Assets

Current liabilities		
Accounts payable	\$ 1,625	\$ 26,695
Accrued expenses	110,877	128,227
Liability for unredeemed spay vouchers	775,627	475,054
Refundable advance - PPP	<u>305,820</u>	<u>-</u>
Total current liabilities	<u>1,193,949</u>	<u>629,976</u>
Total liabilities	<u>1,193,949</u>	<u>629,976</u>
Commitments and contingencies		
Net assets		
Without donor restriction	3,050,362	2,083,861
With donor restriction - time/purpose	304,917	291,225
With donor restriction - in perpetuity	<u>4,352,201</u>	<u>3,477,805</u>
Total net assets	<u>7,707,480</u>	<u>5,852,891</u>
Total liabilities and net assets	<u><u>\$ 8,901,429</u></u>	<u><u>\$ 6,482,867</u></u>

See Notes to Financial Statements.

Friends of Animals, Inc.

**Statement of Activities
Year Ended April 30, 2021
(With Comparative Totals for 2020)**

	Without donor restriction	With donor restriction		Total	
		Time/purpose	In perpetuity	2021	2020
Support and revenues					
Support					
Contributions	\$ 1,182,876	\$ 100,000	\$ -	\$ 1,282,876	\$ 915,310
Contribution - PPP	327,415	-	-	327,415	-
Bequests	2,097,194	-	-	2,097,194	2,588,012
Total support	3,607,485	100,000	-	3,707,485	3,503,322
Revenues					
Spay and neuter vouchers issued, net	1,679,497	-	-	1,679,497	1,455,758
Change in value of trusts	-	-	874,396	874,396	(86,583)
Merchandise and literature sales	2,899	-	-	2,899	6,083
Miscellaneous income	107,425	-	-	107,425	166,418
Total revenues	1,789,821	-	874,396	2,664,217	1,541,676
Net assets released from restrictions					
Satisfaction of program restrictions	86,308	(86,308)	-	-	-
Total support and revenues	5,483,614	13,692	874,396	6,371,702	5,044,998
Expenses					
Spaying and neutering costs	1,807,982	-	-	1,807,982	1,705,343
Public information and animal protection costs	2,241,116	-	-	2,241,116	2,966,936
Administrative	394,444	-	-	394,444	199,256
Fundraising	73,716	-	-	73,716	91,998
Total expenses	4,517,258	-	-	4,517,258	4,963,533
Investment income, net	145	-	-	145	11,052
Change in net assets	966,501	13,692	874,396	1,854,589	92,517
Net assets, beginning	2,083,861	291,225	3,477,805	5,852,891	5,760,374
Net assets, end	\$ 3,050,362	\$ 304,917	\$ 4,352,201	\$ 7,707,480	\$ 5,852,891

See Notes to Financial Statements.

Friends of Animals, Inc.

**Statement of Activities
Year Ended April 30, 2020**

	Without donor restriction	With donor restriction		2020
		Time/purpose	In perpetuity	
Support and revenues				
Support				
Contributions	\$ 865,302	\$ 50,008	\$ -	\$ 915,310
Bequests	2,588,012	-	-	2,588,012
Total support	3,453,314	50,008	-	3,503,322
Revenues				
Spay and neuter vouchers issued, net	1,455,758	-	-	1,455,758
Change in value of trusts	-	-	(86,583)	(86,583)
Merchandise and literature sales	6,083	-	-	6,083
Miscellaneous income	166,418	-	-	166,418
Total revenues	1,628,259	-	(86,583)	1,541,676
Net assets released from restrictions				
Satisfaction of program restrictions	179,780	(179,780)	-	-
Total support and revenues	5,261,353	(129,772)	(86,583)	5,044,998
Expenses				
Spaying and neutering costs	1,705,343	-	-	1,705,343
Public information and animal protection costs	2,966,936	-	-	2,966,936
Administrative	199,256	-	-	199,256
Fundraising	91,998	-	-	91,998
Total expenses	4,963,533	-	-	4,963,533
Investment income, net	11,052	-	-	11,052
Change in net assets	308,872	(129,772)	(86,583)	92,517
Net assets, beginning	1,774,989	420,997	3,564,388	5,760,374
Net assets, end	\$ 2,083,861	\$ 291,225	\$ 3,477,805	\$ 5,852,891

See Notes to Financial Statements.

Friends of Animals, Inc.

**Statement of Functional Expenses
Year Ended April 30, 2021**

	Spaying and neutering costs	Public information and animal protection costs	Total program services	Administrative expenses	Fundraising expenses	Total support services	Total expenses
Salaries	\$ 175,959	\$ 1,274,773	\$ 1,450,732	\$ 96,621	\$ 16,059	\$ 112,680	\$ 1,563,412
Veterinarians	1,361,600	-	1,361,600	-	-	-	1,361,600
Primarily Primates, Inc. project	-	228,891	228,891	-	-	-	228,891
Insurance	33,227	179,646	212,873	6,298	1,476	7,774	220,647
Rent and utilities	35,910	103,619	139,529	8,379	1,197	9,576	149,105
Printing and mailing lists	5,841	43,059	48,900	457	22,579	23,036	71,936
Payroll and other taxes	14,308	105,711	120,019	7,546	1,333	8,879	128,898
Postage and delivery	9,112	37,580	46,692	3,484	13,398	16,882	63,574
Computer supplies	26,982	1,795	28,777	24,519	12,440	36,959	65,736
Advertising	36,960	74,742	111,702	-	-	-	111,702
African projects cost	-	81,085	81,085	-	-	-	81,085
Professional services	23,125	12,550	35,675	84,230	-	84,230	119,905
Bank service charges	67,300	5	67,305	3,720	1,622	5,342	72,647
Depreciation	3,694	15,802	19,496	821	205	1,026	20,522
Travel	-	6,138	6,138	-	-	-	6,138
Registrations and fees	665	8,611	9,276	13,963	2,966	16,929	26,205
Telephone	4,906	18,927	23,833	510	-	510	24,343
Dues and subscriptions	-	16,361	16,361	18	-	18	16,379
Office equipment rental	4,691	10,983	15,674	1,028	147	1,175	16,849
Office supplies and expense	203	7,382	7,585	2,545	7	2,552	10,137
Bad debt expense	-	-	-	130,395	-	130,395	130,395
Maintenance	2,475	5,530	8,005	1,262	82	1,344	9,349
Incentive program material costs	-	-	-	3,626	-	3,626	3,626
Data processing	1,024	3,892	4,916	307	205	512	5,428
Wild horse project	-	3,928	3,928	-	-	-	3,928
Miscellaneous	-	6	6	2,960	-	2,960	2,966
Automobile expense	-	100	100	1,755	-	1,755	1,855
	<u>\$ 1,807,982</u>	<u>\$ 2,241,116</u>	<u>\$ 4,049,098</u>	<u>\$ 394,444</u>	<u>\$ 73,716</u>	<u>\$ 468,160</u>	<u>\$ 4,517,258</u>

See Notes to Financial Statements.

Friends of Animals, Inc.

**Statement of Functional Expenses
Year Ended April 30, 2020**

	Spaying and neutering costs	Public information and animal protection costs	Total program services	Administrative expenses	Fundraising expenses	Total support services	Total expenses
Salaries	\$ 243,083	\$ 1,287,824	\$ 1,530,907	\$ 83,592	\$ 12,893	\$ 96,485	\$ 1,627,392
Veterinarians	1,178,809	-	1,178,809	-	-	-	1,178,809
Primarily Primates, Inc. project	-	732,667	732,667	-	-	-	732,667
Insurance	52,153	228,187	280,340	8,136	2,105	10,241	290,581
Rent and utilities	36,520	106,525	143,045	8,521	1,217	9,738	152,783
Printing and mailing lists	6,181	93,306	99,487	1,512	30,446	31,958	131,445
Payroll and other taxes	19,269	98,160	117,429	6,663	1,467	8,130	125,559
Postage and delivery	9,559	61,802	71,361	3,672	14,296	17,968	89,329
Computer supplies	26,995	10,265	37,260	24,078	19,625	43,703	80,963
Advertising	25,918	49,162	75,080	-	-	-	75,080
African projects cost	-	69,996	69,996	-	-	-	69,996
Professional services	24,378.00	18,241	42,619	24,379	-	24,379	66,998
Bank service charges	56,677	-	56,677	3,830	1,667	5,497	62,174
Depreciation	9,405	40,232	49,637	2,090	523	2,613	52,250
Travel	-	45,945	45,945	877	-	877	46,822
Lobbying	-	39,940	39,940	-	-	-	39,940
Registrations and fees	160	12,254	12,414	13,201	827	14,028	26,442
Telephone	5,338	17,320	22,658	576	-	576	23,234
Dues and subscriptions	-	20,112	20,112	41	-	41	20,153
Office equipment rental	5,089	9,428	14,517	675	112	787	15,304
Office supplies and expense	272	10,774	11,046	1,372	63	1,435	12,481
Bad debt expense	-	-	-	8,810	-	8,810	8,810
Maintenance	2,075	4,705	6,780	484	69	553	7,333
Incentive program material costs	-	-	-	-	6,496	6,496	6,496
Data processing	962	4,477	5,439	289	192	481	5,920
Wild horse project	-	5,490	5,490	-	-	-	5,490
Miscellaneous	-	105	105	3,955	-	3,955	4,060
Automobile expense	-	19	19	2,503.00	-	2,503	2,522
Awards and grants	2,500	-	2,500	-	-	-	2,500
	<u>\$ 1,705,343</u>	<u>\$ 2,966,936</u>	<u>\$ 4,672,279</u>	<u>\$ 199,256</u>	<u>\$ 91,998</u>	<u>\$ 291,254</u>	<u>\$ 4,963,533</u>

See Notes to Financial Statements.

Friends of Animals, Inc.
Statements of Cash Flows
Years Ended April 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 1,854,589	\$ 92,517
Adjustments to reconcile change in net assets to net cash		
Provided by (used in) operating activities		
Bad debt expense	130,395	8,810
Depreciation	20,522	52,250
Unrealized and realized loss on investments	467	163
Change in value of trusts	(874,396)	86,583
Changes in operating assets and liabilities		
Bequests receivable, net	1,311,840	(948,269)
Contributions and grants receivable, net	(95,301)	102,220
Merchandise inventory, net	3,626	6,496
Other current assets	9,833	46,217
Cash surrender value of officer life insurance	218,018	(19,837)
Accounts payable	(25,070)	2,651
Accrued expenses	(17,350)	19,637
Liability for unredeemed spay vouchers	300,573	(6,985)
Refundable advance - PPP	305,820	-
	<u>3,143,566</u>	<u>(557,547)</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities		
Purchases of property and equipment	(1,999)	(15,614)
Proceeds from sales of investments	150,000	1,300,000
Purchases of investments	(3,406,779)	(238,000)
	<u>(3,258,778)</u>	<u>1,046,386</u>
Net cash (used in) provided by investing activities		
Net (decrease) increase in cash	(115,212)	488,839
Cash, beginning	<u>557,293</u>	<u>68,454</u>
Cash, end	<u>\$ 442,081</u>	<u>\$ 557,293</u>

See Notes to Financial Statements.

Friends of Animals, Inc.

Notes to Financial Statements April 30, 2021 and 2020

Note 1 - Organization and summary of significant accounting policies

Nature of activities

Friends of Animals, Inc. ("FoA" or the "Organization"), a not-for-profit organization, is incorporated in the State of New York. FoA has offices in Darien, Connecticut and Centennial, Colorado.

FoA advocates for the rights of animals, free-living and domestic, around the world. Its goal is to free animals from cruelty and institutionalized exploitation. Through its various animal advocacy programs and interventions, FoA promotes endangered species and other wildlife protection through its broad-based educational efforts. The group promotes campaigns against wild horse round-ups and the wild bird trade, the horse-drawn carriage trade, the fur trade, hunting and predator control, including animal-killing contests. FoA's Wildlife Law Program fills a niche between animal and environmental activism, using the law to ensure the right of all wildlife to live in an ecosystem free from human manipulation, exploitation or abuse. FoA's successful lawsuits and interventions also expose the mistreatment of wildlife and help local governments and communities learn how to eliminate perceived conflicts with animals.

FoA sponsors chimpanzee conservation projects in West Africa, and funds the protection and recovery of an endangered African antelope species. FoA also assists with funding and in 2007, took over the management of Primarily Primates sanctuary in San Antonio, Texas. The approximately 300 animals and birds who reside at this 78-acre sanctuary were released from animal labs, zoos, the exotic pet trade and the entertainment industry.

Its vegan advocacy educational projects explain that a plant-based diet is the best response to an ecological crisis and the only way to end the unspeakable misery that comes from turning animals into consumer goods.

From its beginning, FoA has taken a leadership role providing low-cost spaying and neutering of dogs and cats nationwide. FoA operates a breeding control program in the United States, facilitating more than 2.7 million spay/neuter procedures since inception. Vouchers can be purchased from FoA that can be used for a routine spay or neuter surgery at a participating veterinarian. The balance of FoA's support and revenues predominantly consists of contributions, bequests and grants.

FoA publishes a periodic publication, ActionLine, and offers free subscriptions with memberships. Through ActionLine, mailings and action alerts, FoA informs its members and supporters about how to end the worldwide exploitation of animals and contains "calls to action" to get readers to take action in support of various causes and programs.

Recent accounting pronouncements

The Organization adopted Accounting Standards Update 2018-13 (ASU 2018-13), *Fair Value Measurement (Topic 820)*. This accounting standard changes the disclosure requirements for fair value measurement. The Organization adopted the provisions of ASU 2018-13 on May 1, 2020. There is no effect on net assets in connection with the implementation of ASU 2018-13.

Friends of Animals, Inc.

Notes to Financial Statements April 30, 2021 and 2020

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to two classes of net assets, which are described as follows:

Net assets without donor restrictions - Net assets without donor restrictions represent available resources other than donor-restricted contributions. Included in net assets without donor restrictions are funds that may be earmarked for specific purposes.

Net assets with donor restrictions - Net assets subject to donor (or certain grantor) 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 resources be maintained in perpetuity.

Income taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal or state income taxes in the accompanying financial statements.

The Organization has no unrecognized tax benefits at April 30, 2021 and 2020. The Organization's federal and state information returns prior to fiscal year 2018 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If the Organization were to have unrelated business income taxes, the Organization would recognize interest and penalties associated with uncertain tax positions as part of income tax expense and include accrued interest and penalties with the related tax liability in the statements of financial position.

Cash and cash equivalents

FoA considers all highly-liquid investments with a maturity of three months or less when acquired to be cash equivalents. There were no cash equivalents as of April 30, 2021 and 2020.

Contributions and grants

Transactions where the resource provider often receives value indirectly by providing a societal benefit, although the societal benefit is not considered to be of commensurate value, are deemed to be contributions. Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where the Organization has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Organization fails to overcome the barrier. The Organization recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as a refundable advance.

Unconditional contributions are recognized as revenue and receivable when the commitment to contribute is received.

Conditional and unconditional contributions are recorded as either with donor restrictions or without donor restrictions. Contributions are recognized as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Contributions received with no donor stipulations are recorded as contributions without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is

Friends of Animals, Inc.

Notes to Financial Statements April 30, 2021 and 2020

accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the statements of activities as net assets released from restriction. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as contributions without donor restrictions.

Spay and neuter vouchers

Spay and neuter voucher revenue is recognized when control of the promised service is transferred (at a point in time, i.e., when the voucher is redeemed) by the Organization's customers, in an amount that depicts the consideration the Organization expects to be entitled to in exchange for those services. Revenue is not recognized unless collectability under the contract is considered probable, the contract has commercial substance and the contract has been approved. Additionally, the contract must contain payment terms, as well as the rights and commitments of both parties. The liability for unredeemed spay and neuter vouchers represents FoA's estimate of spay and neuter vouchers sold prior to the end of the year, but not yet redeemed.

Investments

Investments in money market funds are valued at their fair values. Net realized and unrealized gains or losses on investments are included in investment income or loss.

Property and equipment

The Organization capitalizes all expenditures for equipment in excess of \$2,000 and having a useful life of three years or greater. Purchased equipment is recorded at cost. Donated equipment is recorded at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated lives for financial reporting purposes are 5 -10 years for equipment and other. Construction in progress expenditures will be capitalized and depreciated at the completion of projects.

Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the statements of activities.

The Organization reports gifts of land, buildings and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long these long-lived assets must be maintained, the Organization reports expirations of donor restrictions of acquired long-lived assets when placed in service.

Donated services

Donated services are recorded at their estimated values at the date of receipt.

Vested interest in trusts

FoA is the beneficiary of perpetual irrevocable trusts held and administered by independent trustees. Under the terms of the trusts, FoA has the irrevocable right to receive the income earned on the trust assets in perpetuity. The fair value of the beneficial interest in the trust is recognized as an asset and as a contribution with donor restriction at the date the trust is established. FoA's estimate of fair value is based on fair value information received from the trustees. The trust assets consist of, but are not limited to, cash and cash equivalents, corporate and government bonds, mutual funds and equity securities. These assets are not subject to the control or direction by FoA. Gains and losses, which are not distributed by the trusts, are reflected as change in value of trusts

Friends of Animals, Inc.

Notes to Financial Statements April 30, 2021 and 2020

in the statements of activities. Vested interest in trusts as of April 30, 2021 and 2020 are \$4,352,201 and \$3,477,805, respectively. Net assets with donor restrictions - in perpetuity relate to the vested interests in trusts.

Qualified retirement plan

FoA sponsors an employee profit sharing plan, which is qualified under Sections 401(a) and 501(a) of the Internal Revenue Code and covers substantially all full-time employees of the Organization. FoA did not make any contributions for the years ended April 30, 2021 and 2020.

Merchandise inventory

Merchandise inventory consists of various promotional merchandise and is stated at the lower of cost or market and is determined using the first-in, first-out method.

Advertising costs

Advertising costs are expensed as incurred.

Functional allocation of expenses

Expenses are charged to spaying and neutering costs, public information and animal protection costs, administrative expenses, and fundraising expenses based on a combination of specific identification and allocations made by management. Expenses that are attributed to multiple functions are allocated using a reasonable allocation method that is consistently applied. Salaries and related costs are allocated based on staff functions.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events

The Organization has evaluated events and transactions for potential recognition or disclosure through August 18, 2021, which is the date the financial statements were available to be issued.

Note 2 - Concentrations

The Organization maintains its cash with high-credit quality financial institutions. At various times during the year, cash held at the Organization's banking institutions may exceed the federally insured limits.

The Organization invests in various debt and equity securities. These investment securities are recorded at fair value. Accordingly, the investment securities can fluctuate because of interest rates, reinvestment, credit and other risks depending on the nature of the specific investment. Therefore, it is at least reasonably possible that these factors will result in changes in the value of FoA's investments, which could materially affect amounts reported in the financial statements.

Friends of Animals, Inc.

Notes to Financial Statements
April 30, 2021 and 2020

Note 3 - Liquidity

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the statement of financial position date, comprise the following as of April 30, 2021 and 2020:

	2021	2020
Cash	\$ 442,081	\$ 557,293
Investments	3,816,289	559,977
Bequests receivable, net	111,859	1,554,094
Contributions and grants receivable, net	100,000	4,699
	4,470,229	2,676,063
Less net assets with donor restrictions time/purpose	(304,917)	(291,225)
Financial assets available for general expenditure within one year	<u>\$ 4,165,312</u>	<u>\$ 2,384,838</u>

As part of the Organization's liquidity management, the Organization keeps its financial assets available as its general expenditures, liabilities, and other obligations come due.

Note 4 - Investments

Investments at April 30, 2021 and 2020 consist of the following:

	2021	2020
Money market funds	\$ 3,816,289	\$ 559,977
Total	<u>\$ 3,816,289</u>	<u>\$ 559,977</u>

The following summarizes investment income for the years ended April 30, 2021 and 2020:

	2021	2020
Interest and dividend income	\$ 674	\$ 14,716
Unrealized and realized loss on investments	(467)	(163)
Investment fees	(62)	(3,501)
Total investment income, net	<u>\$ 145</u>	<u>\$ 11,052</u>

Note 5 - Vested interest in trusts

FoA is the beneficiary under multiple perpetual trust agreements. The assets of the trusts are included in the statements of financial position at fair value. The income distributed from the trusts in fiscal years 2021 and 2020 was \$265,247 and \$87,999, respectively. Income distributed from the

Friends of Animals, Inc.

Notes to Financial Statements April 30, 2021 and 2020

trusts is recorded in bequests in the statements of activities. FoA's interest in these trusts is recorded at fair value in the statements of financial position.

Note 6 - Fair value measurements

The Organization values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, which are described below:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.
- Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The asset's fair value measurement within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as considers counterparty credit risk in its assessment of fair value. There have been no changes in the methodologies used during 2021 and 2020.

The fair value of money market funds is designated as Level 2 as it is estimated using third party quotations.

Vested interest in trusts are designated as level 3 instruments primarily because FoA receives periodic payments from the trusts based on the present value of expected cash flows to be received from the trusts. The fair value of the Organization's share of the trusts is based on the values of the underlying investments in the trusts, which are established by the trustees using market values for identical assets in an active market for similar assets. The trustees provide FoA with investment statements and valuations of its portion of the trusts at year-end. These are evaluated annually by the Organization.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although FoA 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. There have been no changes in the valuation methodology used at April 30, 2021 and 2020.

Friends of Animals, Inc.

**Notes to Financial Statements
April 30, 2021 and 2020**

Financial assets carried at fair value at April 30, 2021 and 2020 are classified in the tables below in one of the three categories described above:

	2021			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ -	\$ 3,816,289	\$ -	\$ 3,816,289
Vested interest in trusts	-	-	4,352,201	4,352,201
	<u>\$ -</u>	<u>\$ 3,816,289</u>	<u>\$ 4,352,201</u>	<u>\$ 8,168,490</u>

	2020			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ -	\$ 559,977	\$ -	\$ 559,977
Vested interest in trusts	-	-	3,477,805	3,477,805
	<u>\$ -</u>	<u>\$ 559,977</u>	<u>\$ 3,477,805</u>	<u>\$ 4,037,782</u>

The following table represents FoA's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs:

Instrument	2021 Fair value	2020 Fair value	Principal valuation technique	Unobservable inputs	Significant input values	Weighted average
Vested interest in trusts	\$ 4,352,201	\$ 3,477,805	(A)	Base price	N/A	N/A

(A) Valuation of underlying assets as provided by issuer.

Note 7 - Bequests, contributions and grants receivable

FoA has bequests receivable totaling \$111,859 and \$1,544,094 as of April 30, 2021 and 2020, respectively. Management records bequests at estimated net realizable amounts and periodically reviews bequests receivable for uncollectible amounts. The allowance for uncollectible bequests as of April 30, 2021 and 2020 was \$15,000 and \$18,000, respectively. The total balance of bequests receivable is due within the next fiscal year for both years ended April 30, 2021 and 2020.

FoA has contributions receivable totaling \$13,603 and \$16,300 as of April 30, 2021 and 2020, respectively. As of April 30, 2021 and 2020, there was an allowance for uncollectible amounts relating to contributions receivable of \$13,603 and \$11,601, respectively. Total balance of contributions receivable is due within the next fiscal year for both years ended April 30, 2021 and 2020.

FoA has grants receivable totaling \$100,000 and \$-0- as of April 30, 2021 and 2020, respectively. The balance is deemed fully collectible and no allowance for uncollectible amounts was recorded as of April 30, 2021 and 2020.

Friends of Animals, Inc.

**Notes to Financial Statements
April 30, 2021 and 2020**

Note 8 - Net assets with donor restrictions- time/purpose

Net assets with donor restrictions - time/purpose as of April 30, 2021 and 2020 are comprised of the following:

	<u>2021</u>	<u>2020</u>
Wildlife law program	\$ 204,917	\$ 291,225
Spay/neuter program	<u>100,000</u>	<u>-</u>
	<u>\$ 304,917</u>	<u>\$ 291,225</u>

Note 9 - Net assets with donor restrictions- in perpetuity

Net assets with donor restrictions - in perpetuity as of April 30, 2021 and 2020 are comprised of the following:

	<u>2021</u>	<u>2020</u>
Vested interest in trusts	<u>\$ 4,352,201</u>	<u>\$ 3,477,805</u>

Note 10 - Spay and neuter vouchers

Spay and neuter vouchers issued are shown net of refunds and discounts on the statements of activities. For the years ended April 30, 2021 and 2020, spay and neuter vouchers are comprised of the following:

	<u>2021</u>	<u>2020</u>
Spay and neuter revenue	\$ 1,732,213	\$ 1,487,514
Refunds	<u>(52,716)</u>	<u>(31,756)</u>
	<u>\$ 1,679,497</u>	<u>\$ 1,455,758</u>

Note 11 - Lease commitments

The Organization leases facilities for its main headquarters in Darien, Connecticut under a 60-month lease, which expires April 30, 2025. Under the terms of the lease, the payments escalate each year.

The Organization also leases an additional facility in Centennial, Colorado under a noncancelable operating lease. The Centennial, Colorado lease expires January 2025. Under the terms of the lease, the payments escalate each year.

Rent expense for all locations amounted to \$149,105 and \$152,783 for the years ended April 30, 2021 and 2020, respectively.

Friends of Animals, Inc.

**Notes to Financial Statements
April 30, 2021 and 2020**

Future minimum rent lease payments due under noncancelable real estate operating leases in the years subsequent to April 30, 2021 are as follows:

2022	\$	149,796
2023		155,343
2024		156,208
2025		148,661
		<hr/>
	\$	610,008
		<hr/>

The Organization leases office equipment and is responsible for the maintenance and insurance costs. Equipment lease expense for the years ended April 30, 2021 and 2020 was \$16,849 and \$15,304, respectively. Leases expire through February 2024.

Future minimum lease payments due under noncancelable equipment operating leases in each of the years subsequent to April 30, 2021 are as follows:

2022	\$	19,020
2023		7,107
2024		2,180
		<hr/>
	\$	28,307
		<hr/>

Note 12 - Related party

FoA has supported Primarily Primates, Inc. ("PPI"). PPI is a 78-acre sanctuary in Texas that houses chimpanzees, monkeys and other animals that have been used in experiments, entertainment or traded as pets, and have been subsequently cast off and are in need of permanent shelter. FoA shares common (although not majority) board members with PPI. Total financial support provided to PPI for the years ended April 30, 2021 and 2020 was \$228,891 and \$732,667, respectively. Included in this amount was \$131,228 and \$130,181 of donated administrative support during the years ended April 30, 2021 and 2020, respectively. A portion of the support is from funds raised on behalf of PPI.

The Organization supports a wild horse project in which wild horses were rescued and are being kept and cared for on the PPI property. PPI cares for the animals and the Organization reimburses PPI for all expenses incurred relating to this project. During years ended April 30, 2021 and 2020, the Organization reimbursed PPI for expenses of \$3,928 and \$5,490, respectively.

Note 13 - Donations in-kind

During 2021 and 2020, FoA received donated advertising. The total value of the donated advertising recorded in the statements of activities was \$74,742 and \$44,598 for the years ended April 30, 2021 and 2020, respectively.

Friends of Animals, Inc.

**Notes to Financial Statements
April 30, 2021 and 2020**

Note 14 - Refundable advances

On May 4, 2020, the Organization received a loan for \$327,415 from People's United Bank, N.A. through the Small Business Administration's Paycheck Protection Program to cover payroll and utility costs. The loan bears interest at 1% and will be paid in 17 monthly installments of \$18,426, beginning on November 29, 2020. However, the loan was forgiven on March 4, 2021 as the funds were used to cover eligible payroll and utility costs. The proceeds of the loan have been recognized on the statements of activities.

On February 1, 2021, the Organization received a loan for \$305,820 from People's United Bank, N.A. through the Small Business Administration's Paycheck Protection Program, Second Draw, to cover payroll and utility costs. The loan bears interest at 1% and is to be paid in monthly installments beginning on July 1, 2022. However, per the loan agreement, the loan will be forgiven if the funds are used to cover eligible payroll and utility costs, which the Organization fully anticipates. The proceeds of the loan are recognized as a refundable advance, based on Accounting Standards Codification 958-605, and are included in current liabilities on the Organization's statements of financial position.

Note 15 - Subsequent event

On July 27, 2021, the loan for \$305,820 from People's United Bank, N.A. through the Small Business Administration's Paycheck Protection Program, Second Draw, was fully forgiven.

Supplementary Information

Friends of Animals, Inc.

**Expenses for Program Services -
Public Information and Animal Protection Costs
Year Ended April 30, 2021
(With Comparative Totals for 2020)**

	Wildlife	International	Public information	Total	
				2021	2020
Salaries	\$ 675,922	\$ -	\$ 598,851	\$ 1,274,773	\$ 1,287,824
Primarily Primates, Inc. project	-	-	228,891	228,891	732,667
Advertising	-	-	74,742	74,742	49,162
Rent and utilities	37,919	-	65,700	103,619	106,525
Insurance	74,410	-	105,236	179,646	228,187
Printing and mailing lists	279	-	42,780	43,059	93,306
Postage and delivery	4,132	-	33,448	37,580	61,802
Professional services	12,550	-	-	12,550	18,241
Payroll and other taxes	49,464	-	56,247	105,711	98,160
African project costs	11,089	69,996	-	81,085	69,996
Bank service charges	5	-	-	5	-
Travel	4,060	-	2,078	6,138	45,945
Computer supplies	1,588	-	207	1,795	10,265
Depreciation	6,567	-	9,235	15,802	40,232
Registrations and fees	8,506	-	105	8,611	12,254
Lobbying	-	-	-	-	39,940
Telephone	5,024	-	13,903	18,927	17,320
Office equipment rental	2,383	-	8,600	10,983	9,428
Wild horse project	-	-	3,928	3,928	5,490
Miscellaneous	-	-	6	6	105
Dues and subscriptions	9,441	-	6,920	16,361	20,112
Maintenance	577	-	4,953	5,530	4,705
Office supplies and expense	2,531	-	4,851	7,382	10,774
Data processing	1,843	-	2,049	3,892	4,477
Films and photography	-	-	100	100	19
	<u>\$ 908,290</u>	<u>\$ 69,996</u>	<u>\$ 1,262,830</u>	<u>\$ 2,241,116</u>	<u>\$ 2,966,936</u>

See Independent Auditor's Report.



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