

Financial Statements

**LOS ANGELES COUNTY
ANIMAL CARE FOUNDATION**

December 31, 2021

**LOS ANGELES COUNTY ANIMAL CARE FOUNDATION
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DECEMBER 31, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Los Angeles County
Animal Care Foundation

Opinion

We have audited the accompanying financial statements of Los Angeles County Animal Care Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Los Angeles County Animal Care Foundation as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Los Angeles County Animal Care Foundation 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Los Angeles County Animal Care Foundation'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

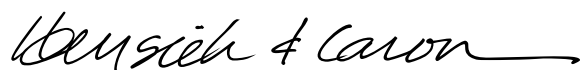
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance 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 Los Angeles County Animal Care Foundation'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 Los Angeles County Animal Care Foundation'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.



Pasadena, CA
December 12, 2022

LOS ANGELES COUNTY ANIMAL CARE FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS

Assets

Cash and cash equivalents	\$ 3,123,218
Due from related party	<u>11,116</u>

Total Assets \$ 3,134,334

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	<u>\$ 94,972</u>
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Net Assets

Without donor restrictions	2,224,055
With donor restrictions	<u>815,307</u>

Total Net Assets 3,039,362

Total Liabilities and Net Assets \$ 3,134,334

**LOS ANGELES COUNTY ANIMAL CARE FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Donations and grants	\$ 1,614,476	\$ 131,967	\$ 1,746,443
Sales, net of cost of goods sold of \$5,136	816	-	816
Interest income	421	-	421
Net assets released from purpose restrictions	227,761	(227,761)	-
Total Support and Revenue	1,843,474	(95,794)	1,747,680
Expenses			
Program	352,960	-	352,960
Management and general	79,491	-	79,491
Development	143,615	-	143,615
Total Expenses	576,066	-	576,066
Change in Net Assets	1,267,408	(95,794)	1,171,614
Net Assets, Beginning of Year	956,647	911,101	1,867,748
Net Assets, End of Year	\$ 2,224,055	\$ 815,307	\$ 3,039,362

LOS ANGELES COUNTY ANIMAL CARE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

Cash Flows from Operating Activities	
Cash received from sales	\$ 5,952
Cash received from donors	2,067,743
Interest received	3,303
Cash paid to suppliers and employees	<u>(516,779)</u>
Net Increase in Cash and Cash Equivalents	1,560,219
Cash and Cash Equivalents, Beginning	<u>1,562,999</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 3,123,218</u></u>
Reconciliation of the Change in Net Assets	
to Net Cash Provided by Operating Activities	
Change in net assets	\$ 1,171,614
(Increase) Decrease in:	
Accounts receivable	411
Contributions receivable	321,300
Due from related party	2,882
Increase (Decrease) in:	
Accounts payable	<u>64,012</u>
Net Cash Provided by Operating Activities	<u><u>\$ 1,560,219</u></u>

**LOS ANGELES COUNTY ANIMAL CARE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services	Management & General	Development	Total
Grants	\$ 284,978	\$ -	\$ -	\$ 284,978
Marketing	-	-	105,797	105,797
Veterinarian costs	65,875	-	-	65,875
Professional fees	-	49,576	-	49,576
Newsletter and education	-	-	30,181	30,181
Office administration	-	19,855	-	19,855
Bank fees	938	7,507	939	9,384
Internet and website	493	-	6,022	6,515
Supplies	676	676	676	2,028
Insurance	-	1,877	-	1,877
	<u>\$ 352,960</u>	<u>\$ 79,491</u>	<u>\$ 143,615</u>	<u>\$ 576,066</u>

LOS ANGELES COUNTY ANIMAL CARE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 1 – Summary of Significant Accounting Policies

Nature of Organization

Los Angeles County Animal Care Foundation (the Foundation) is a nonprofit organization that provides funding support for humane education programs through the Los Angeles County Department of Animal Care and Control. The Foundation also purchases supplies and equipment and helps make improvements that benefit shelter animals to provide for their care, comfort and adoption.

Public Support and Revenue

The Foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents, its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

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.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Cash and Cash Equivalents

For the purpose of the statement of financial position and the statement of cash flows, the Foundation considers all highly-liquid investment funds to be cash equivalents.

Accounts Receivable

Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance are not material to the financial statements.

Income Taxes

The Foundation is qualified under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. Nonprofit organizations are not generally liable for taxes on income; therefore, no provision is made for such taxes in the financial statements.

LOS ANGELES COUNTY ANIMAL CARE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

The accounting standard on accounting for uncertainty in income taxes provides guidance on how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. Examples of tax positions include the tax-exempt status of the Foundation and various positions related to the potential sources of unrelated business taxable income (UBIT). The Foundation believes that it has no uncertain tax positions that impact its financial statements.

The Foundation files form 990 with the Internal Revenue Service, and files related exempt organization returns in the State of California. The returns are generally no longer subject to examination by the Internal Revenue Service after three years, or by the State of California after four years.

Revenue and Revenue Recognition

Donation Revenue

Donations received are considered available for unrestricted use unless restricted by the donor. The Foundation records donations with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions, or both. When donor restrictions expire, that is, when the purpose restriction is fulfilled or the time restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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 those estimates.

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Certain categories of expenses that are attributable to more than one program or supporting function require allocation on a reasonable basis that is consistently applied based on periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

Note 2 – Concentration of Credit Risk

The Foundation maintains its cash balances at a single financial institution. Cash accounts are insured by the Federal Deposit Insurance Corporation and other agencies. At December 31, 2021, the Foundation's uninsured cash balance was \$2,870,939.

**LOS ANGELES COUNTY ANIMAL CARE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Note 3 – Net Assets with Donor Restrictions

Net assets with donor restrictions consists of the following:

Agoura Care Center	\$ 199,946
Fire rescue	193,911
Care vouchers	184,870
Mobile vet clinic	143,331
Adoption costs	54,840
Disaster supplies	20,000
Grooming costs	13,800
Cat deterrent	2,348
Foster supplies	1,761
Volunteer support	500
	<u>\$ 815,307</u>

Note 4 – Related Party Transactions

The Foundation’s sole supported organization is the Los Angeles County Department of Animal Care and Control (DACC).

The Foundation pays DACC for costs to care, comfort and adopt out animals including veterinarian costs, grants to rehabilitate facilities, and vouchers for medical care. Total expenses incurred for these services for the year ended December 31, 2021, was \$350,853. DACC pays the Foundation for animal licenses and tags that are purchased through mail order.

At December 31, 2021 DACC owed the Foundation \$11,116 for the license and tag program and the Foundation owed DACC \$74,894 for various programs.

Note 5 – Liquidity and Availability of Financial Assets

The following reflects the Foundation’s financial assets at the statement of financial position date, reduced by amounts not available for general use within one year of the statement date because of contractual or donor-imposed restrictions. Financial assets at December 31, 2021 is comprised of:

Cash and cash equivalents	\$ 3,123,218
Due from related party	<u>11,116</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 3,134,334</u>

The Foundation is substantially supported by program fees and contributions. As part of the Foundation’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Note 6 – Commitments and Contingencies

In early March 2020, the spread of Coronavirus Disease 2019 (“COVID-19”) was declared a global pandemic. The Foundation was able to continue without interrupting operations.

LOS ANGELES COUNTY ANIMAL CARE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 6 – Commitments and Contingencies (continued)

The Foundation continues to actively monitor the current and potential impacts of COVID-19, and will prepare and plan accordingly. The continued spread of COVID-19 could adversely impact results of operations, cash flows and financial conditions. However, the Foundation is not able to predict any potential impact at this time. No adjustments were necessary to the financial statements with respect to this matter.

Note 7 – Subsequent Events

Subsequent events were evaluated through December 12, 2022, which is the date the financial statements were available to be issued. There were no subsequent events that would require adjustments or disclosures in these financial statements.