

HALO - HELPING ANIMALS LIVE ON, INC.

AUDITED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2020**

HALO - HELPING ANIMALS LIVE ON, INC.

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July 26, 2021

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
HALO - Helping Animals Live On, Inc.
Phoenix, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of HALO - Helping Animals Live On, Inc. (a nonprofit Organization), which comprise the statement of financial position as of December 31, 2020 and the related statement of activities, functional expenses and cash flows for the year 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.

Auditors' 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 Organization'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 Organization'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.

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To the Board of Directors
HALO - Helping Animals Live On, Inc.
July 26, 2021

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INDEPENDENT AUDITORS' REPORT - CONTINUED

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 HALO - Helping Animals Live On, Inc. as of December 31, 2020 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.

Julie Forsberg & Olson PC

HALO - HELPING ANIMALS LIVE ON, INC.

STATEMENT OF FINANCIAL POSITION
As of December 31, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,097,624
Restricted Cash	
Security deposit	10,000
Investments	312,193
Pet food	15,085
Adoption supplies	6,368
Thrift store inventory	15,911
Prepaid expenses	19,655
	<hr/>
Total Current Assets	1,476,836

PROPERTY AND EQUIPMENT

Office furniture and equipment	115,467
Vehicles	157,022
Software	11,418
Leasehold improvements	338,056
	<hr/>
	621,963
Less: Accumulated depreciation	(365,644)
	<hr/>
Total Property and Equipment, Net	256,319

TOTAL ASSETS

\$ 1,733,155

See Independent Auditors' Report.
The accompanying notes are an integral part of these financial statements.

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 25,897
Accrued payroll and taxes	51,269
Accrued vacation	42,820
Credit card liabilities	27,278
Short-term portion of PPP Loan	<u>103,770</u>

Total Current Liabilities 251,034

NON-CURRENT LIABILITIES

PPP Loan, net of short-term portion	<u>207,540</u>
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NET ASSETS

Without donor restrictions	1,213,974
With donor restrictions	<u>60,607</u>

Total Net Assets 1,274,581

TOTAL LIABILITIES AND NET ASSETS \$ 1,733,155

HALO - HELPING ANIMALS LIVE ON, INC.STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

	Without Restrictions	With Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions and grants	\$ 1,330,537	\$ 119,580	\$ 1,450,117
Adoption fees	905,823	-	905,823
Store sales	159,997	-	159,997
In-kind donations	252,853	-	252,853
Other revenue	10,336	-	10,336
Interest income	4,297	-	4,297
Gain on investments	2,193	-	2,193
Net assets released from restrictions	<u>129,826</u>	<u>(129,826)</u>	<u>-</u>
Total Public Support and Revenue	<u>2,795,862</u>	<u>(10,246)</u>	<u>2,785,616</u>
EXPENSES			
Program services	2,601,110	-	2,601,110
Management and general	67,946	-	67,946
Fundraising	<u>368,482</u>	<u>-</u>	<u>368,482</u>
Total Expenses	<u>3,037,538</u>	<u>-</u>	<u>3,037,538</u>
DECREASE IN NET ASSETS	(241,676)	(10,246)	(251,922)
NET ASSETS - BEGINNING OF YEAR	<u>1,455,650</u>	<u>70,853</u>	<u>1,526,503</u>
NET ASSETS - END OF YEAR	<u><u>\$ 1,213,974</u></u>	<u><u>\$ 60,607</u></u>	<u><u>\$ 1,274,581</u></u>

See Independent Auditors' Report.
The accompanying notes are an integral part of these financial statements.

HALO - HELPING ANIMALS LIVE ON, INC.

STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended December 31, 2020

	Program Services	Management and General	Fundraising	Total
PERSONNEL COSTS				
Salaries, wages, and payroll taxes	\$ 1,445,258	\$ 46,622	\$ 62,161	\$ 1,554,041
Employee benefits	72,789	2,347	3,130	78,266
Workers compensation	36,889	1,190	1,587	39,666
Total Personnel Costs	<u>1,554,936</u>	<u>50,159</u>	<u>66,878</u>	<u>1,671,973</u>
OTHER EXPENSES				
Accounting and professional	10,043	7,522	2,995	20,560
Animal adoption fees	20,807	-	-	20,807
Animal care and supplies	160,838	-	-	160,838
Company insurance	28,407	1,139	1,430	30,976
Depreciation	84,878	2,738	3,651	91,267
Direct mail	-	-	252,537	252,537
Donor development	-	-	21,322	21,322
Merchant fees	14,788	-	383	15,171
Miscellaneous supplies	17,462	-	-	17,462
Shelter cost of sales	7,183	-	-	7,183
Metro cost of sales	1,741	-	-	1,741
Office supplies and periodicals	19,690	645	878	21,213
Other veterinarian care	92,010	-	-	92,010
Printing	1,273	-	-	1,273
Processing fees	-	-	10,374	10,374
Promotions	256	-	964	1,220
Sterilization	89,483	-	-	89,483
Telephone and internet	20,269	825	511	21,605
Rent	141,568	4,025	5,367	150,960
Utilities	40,896	893	1,192	42,981
Vehicle and travel	39,084	-	-	39,084
Volunteer foster services	2,645	-	-	2,645
Total Other Expenses	<u>793,321</u>	<u>17,787</u>	<u>301,604</u>	<u>1,112,712</u>
IN-KIND EXPENSES				
Pet food and supplies	73,723	-	-	73,723
Thrift store cost of sales	133,799	-	-	133,799
Rent	45,331	-	-	45,331
Total In-Kind Expenses	<u>252,853</u>	<u>-</u>	<u>-</u>	<u>252,853</u>
TOTAL EXPENSES	<u>\$ 2,601,110</u>	<u>\$ 67,946</u>	<u>\$ 368,482</u>	<u>\$ 3,037,538</u>

See Independent Auditors' Report.
The accompanying notes are an integral part of these financial statements.

HALO - HELPING ANIMALS LIVE ON, INC.STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2020**CASH FLOWS FROM OPERATING ACTIVITIES**

Decrease in net assets	\$ (251,922)
Adjustments to Reconcile Change in Net Assets to Net	
Cash Used in Operating Activities	
Depreciation	91,267
Net unrealized income on investments	2,193
Net reinvested investment income	4,297
(Increase) Decrease in Assets	
Pet food	4,788
Adoption supplies	2,826
Thrift store inventory	4,722
Prepaid expenses	(89)
Increase (Decrease) in Liabilities	
Accounts payable	15,816
Accrued payroll and taxes	1,870
Accrued vacation	(5,311)
Credit card liabilities	11,409
	<u>11,409</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(118,134)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of marketable securities	(322,725)
Proceeds from sales of marketable securities	4,042
Property and equipment purchases	<u>(9,025)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(327,708)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds on issuance of PPP loan	<u>311,310</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>311,310</u>

**NET DECREASE IN CASH, RESTRICTED CASH
AND CASH EQUIVALENTS**

(134,532)

CASH, RESTRICTED CASH AND CASH EQUIVALENTS

Beginning of Year	<u>1,242,156</u>
End of Year	<u>\$ 1,107,624</u>

See Independent Auditors' Report.
The accompanying notes are an integral part of these financial statements.

HALO - HELPING ANIMALS LIVE ON, INC.

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2020

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

HALO - Helping Animals Live On, Inc. (the "Organization") is an Arizona non-profit organization whose primary mission is to help end pet overpopulation by rescuing animals, such as dogs and cats, and providing temporary shelter to abandoned animals until a permanent home can be found. The Organization helps control pet overpopulation by spaying or neutering all their adopted animals.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles, whereby revenue and expenses are recorded as earned and incurred, respectively, without regard to the date of receipt or payment of cash.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash, Restricted Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Restricted cash is composed of a \$10,000 security deposit for the Organization's main shelter facility. The deposit will be released upon termination of the lease term.

Investments

The Organization's investments consist of marketable securities. The Organization accounts for its marketable securities in accordance with *Not-for-Profit Entities - Investments - Debt and Equity Securities* and *Not-for-Profit Entities - Investments - Other* topics of the FASB Accounting Standards Codification. Under *Not-for-Profit Entities - Investments - Debt and Equity Securities* the Organization is required to report marketable securities in equity securities, mutual funds, and exchange traded funds that have readily determinable fair values at fair value. The fair value is based on quoted market prices. Changes in value are shown as investment income or losses on the statements of activities.

Inventory

Inventory, which consists of donated clothing, household goods and various other items, is held for sale at the thrift store. Since there is no cost to the Organization, inventory is recorded at fair value determined by the price at which the item can be sold. Revenue is recognized when the donated item is sold and in-kind donations are recorded at an amount equal to the sales revenue from the thrift store. Changes in year-end inventory amounts are recorded as additional sales revenue or costs of goods sold, as appropriate.

HALO - HELPING ANIMALS LIVE ON, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED For the Year Ended December 31, 2020

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment

Property and equipment are recorded at cost or estimated fair market value for donated assets at the date of acquisition or donation, respectively. It is the Organization's policy to capitalize expenditures for these items in excess of \$2,500.

Depreciation is recorded over the estimated useful lives of depreciable assets using the straight-line method. The estimated useful lives range from three to thirty years. Depreciation expense for the year ended December 31, 2020 amounted to \$91,267. Expenditures for repairs and maintenance are charged to expense as incurred.

Presentation of Net Assets

The accompanying financial statements are prepared in accordance with the requirements of the *Not-for-Profits* Topic of the FASB Accounting Standards Codification. Under those provisions, not-for-profit organizations are required to present net assets in two classes: with donor restrictions and without donor restrictions. Net assets of the restricted class are created by donor-imposed restrictions on their use. When a donor restriction expires, namely, when a stipulated time restriction ends or purpose restriction has been accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. All other net assets are legally unrestricted and are reported as part of the unrestricted class.

Advertising Costs

Advertising costs are expensed as incurred. Advertising and promotion expense was \$1,220 for the year ended December 31, 2020.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the statement of activities. The effective date for this standard has been delayed to annual reporting periods beginning after December 15, 2021.

Revenue Recognition

The Organization accounts for contributions and grants, and in-kind donations under the provisions of the *Revenue Recognition* subtopic of the *Not-for-Profit Entities* topic of the FASB Accounting Standards Codification. Contributions received are recorded as donor restricted, or without donor restrictions depending on the existence and/or nature of any donor restrictions.

HALO - HELPING ANIMALS LIVE ON, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED For the Year Ended December 31, 2020

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue Recognition - Continued

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

In-Kind Donations

Donated assets and services are considered to be available for unrestricted use unless specifically restricted by the donor. Donated assets consist of supplies, services, and facilities. The donations are recorded at their estimated fair value at the date of donation and are included in revenues and expenses or capitalized if appropriate. Volunteers also provide services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Unconditional Promises to Give

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. There are no promises to give outstanding at year end.

Income Taxes

The Organization has been granted tax-exempt status under Section 501 (c)(3) of the Internal Revenue Code of 1954 and similar state provisions, and accordingly, there is no provision for income taxes. Income determined to be unrelated business taxable income would be taxable.

The Organization follows the provisions of *ASC 740, Income Taxes* of the FASB Accounting Standards Codification when accounting for uncertainty in income taxes. The Organization believes it has no uncertain tax positions that qualify for either recognition or disclosure. As of December 31, 2020, due to statutes of limitations, the Organization is no longer subject to examination of its income tax returns by the federal and state authorities for years prior to 2017 and 2016, respectively.

Sources of Revenue

Based upon similar operational and economic characteristics, the Organization's revenues are disaggregated by its strategic categories: contributions, contracts, and grants; adoption fees; store sales; in-kind

HALO-HELPING ANIMALS LIVE ON, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED For the Year Ended December 31, 2020

NOTE 2. REVENUE

Sources of Revenue - Continued

donations; and other revenue. The Organization believes these revenue categories depict how the nature, amount, timing, and uncertainty of its revenue and cash flows are affected by economic factors. Revenue is recognized in the period contributions are received, or when the adoption or sale occurs.

Contributions and grants are provided by corporate and individual donors for the purposes of advancing the Organization's mission.

Adoption fees are generated through the adoptions of dogs and cats through the Organization's animal shelter.

Store sales, which is made from the sale of donated goods and inventory, is re-invested to cover the needs of the Organization's animal shelters such maintenance, pet food, and medical supplies.

In-kind donations consist of supplies, services and facilities provided by corporate and individual donors for the purpose of advancing the Organization's mission.

Other revenue consists of miscellaneous other income items.

Revenue by Geographic Area

The Organization's revenues are generated in Arizona.

Variable Consideration

The amount of revenue ultimately received from the customer can vary due to variable consideration which includes returns, discounts, rebates, refunds, credits, price concessions, or other similar items. Under ASC 606, the Organization is required to select the "expected value method" or the most likely method in order to estimate variable consideration. The Organization uses both methods in practice depending on the type of variable consideration. The Organization's experience is that the effects of variable consideration are immaterial to the financial statements.

NOTE 3. CASH, RESTRICTED CASH AND CASH EQUIVALENTS

The balance in cash, restricted cash and cash equivalents as reported in the statement of cash flows consist of the following:

Cash and cash equivalents	\$1,097,624
Security deposit	<u>10,000</u>
Total Cash, Restricted Cash and Cash Equivalents	<u><u>\$1,107,624</u></u>

HALO - HELPING ANIMALS LIVE ON, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED For the Year Ended December 31, 2020

NOTE 4. INVESTMENTS

The cost and estimated fair value, adjusted on a recurring basis based on quoted market prices in active markets for identical assets, of marketable equity and debt securities classified as trading securities for 2020 are as follows.

	<u>Cost</u>	<u>Fair Value</u>	<u>Cumulative Unrealized Change</u>
<u>December 31, 2020</u>			
Equity securities	\$ 3,336	\$ 2,797	\$ (539)
Exchange traded funds	92,581	95,618	3,037
Mutual funds	<u>214,083</u>	<u>213,778</u>	<u>(305)</u>
	<u>\$310,000</u>	<u>\$312,193</u>	<u>\$2,193</u>

Investments are subject to ongoing changes in market value. The amount ultimately realized may be more or less than amounts reported in these financial statements.

NOTE 5. FAIR VALUE MEASUREMENTS

The Organization's investments are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Organization 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.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of inputs other than quoted market prices included in Level 1 that are observable to valuing the asset either directly or indirectly. Observable inputs include quoted prices for similar assets in active or non-active markets. Level 3 inputs are unobservable and have the lowest priority. There are no Level 2 or 3 investments for the year ended December 31, 2020.

Marketable Securities - These instruments are carried at fair value and are measured at fair value on a recurring basis. The fair value of marketable securities is determined by the price list on a national exchange as of the close of the reporting period. The pricing can be derived from quoted prices in activity markets for identical securities.

HALO - HELPING ANIMALS LIVE ON, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED For the Year Ended December 31, 2020

NOTE 5. FAIR VALUE MEASUREMENTS - Continued

The following tables summarize the valuation of the Organization's investments at fair value by the above standard:

		Fair Value Measurements Using:
		Quoted Prices In Active Markets for Identical Assets (Level 1)
<u>December 31, 2020</u>	<u>Fair Value</u>	
Equity securities	\$ 2,797	\$ 2,797
Exchange traded funds	95,618	95,618
Mutual funds	<u>213,778</u>	<u>213,778</u>
Total	<u>\$312,193</u>	<u>\$312,193</u>

NOTE 6. PPP LOAN

In April 2020, the Organization was approved for a Paycheck Protection Program Loan ("PPP Loan") through JP Morgan Chase Bank, N.A., guaranteed by the Small Business Association ("SBA") in the amount of \$311,310. The interest rate on the note is 0.98% per annum. Payments are due in 24 monthly installments of the outstanding balance of principal and interest beginning one month after the expiration of the deferral period. Subsequent to year end, the Organization applied for the maximum amount of loan forgiveness allowed.

Future payments on this loan are summarized as follows:

2021	\$103,770
2022	<u>207,540</u>
	<u>\$311,310</u>

NOTE 7. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash in bank accounts, which, at times, may exceed the federally insured limits. The Organization has not experienced any losses in such accounts.

NOTE 8. RELATED PARTY TRANSACTIONS

The Organization's Chief Executive Officer (CEO) maintains a foster animal shelter on the property of her personal residence. The Organization pays the cost of insurance for the shelter and any occasional incidental costs which

HALO - HELPING ANIMALS LIVE ON, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED For the Year Ended December 31, 2020

NOTE 8. RELATED PARTY TRANSACTIONS - Continued

may arise. The CEO personally absorbs all other costs associated with the shelter. The Organization paid approximately \$1,400 during 2020 for costs associated with the foster shelter.

Members of the Organization's board of directors provide various services to the Organization. The Organization paid approximately \$600 for these services during 2020.

NOTE 9. OPERATING LEASES

The Organization has entered into various non-cancelable office and retail space operating leases through February 2025. Several of these leases are in-kind donations of rent. In-kind donations of rent totaled \$45,331 for the year ended December 31, 2020. Rent expense, not including in-kind rent, for 2020 totaled \$150,960.

Future minimum lease payments at December 31, 2020, are as follows:

<u>During the Years</u> <u>Ending December 31,</u>	<u>Total</u>
2021	\$147,449
2022	135,926
2023	138,076
2024	140,226
2025	61,751
	<u>\$623,428</u>

NOTE 10. IN-KIND DONATIONS

As of December 31, 2020, in-kind donations are as follows:

Pet food and litter	\$ 73,723
Thrift store items	133,799
Rent	45,331
Total	<u>\$252,853</u>

NOTE 11. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a

HALO-HELPING ANIMALS LIVE ON, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED For the Year Ended December 31, 2020

NOTE 11. FUNCTIONAL ALLOCATION OF EXPENSES - Continued

reasonable basis that is consistently applied. The expenses that are allocated include rent, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, worker's compensation, payroll taxes, professional services, accounting, utilities, supplies, and other, which are allocated on the basis of estimates of time and effort.

NOTE 12. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization's financial assets as of December 31, 2020, reduced by amounts not available for general expenditures within one year. Financial assets are unavailable when illiquid or not convertible to cash within one year. Other considerations of non-liquid assets are perpetual endowments and accumulated earnings net of appropriations within one year, amounts restricted by donors for non-operating activities, and amounts limited by the Board of Directors.

Financial Assets	
Cash, restricted cash, and cash equivalents	\$1,107,624
Investments	<u>312,193</u>
	1,419,817
Less financial assets unavailable for general expenditure within one year:	<u>(60,607)</u>
Financial Assets Available To Meet Cash Needs for General Expenditures Within One Year	<u>\$1,359,210</u>

The Organization considers all expenditures related to its operating activities that are incurred in the course of the normal business operations of the Organization to be general expenditures.

NOTE 13. NET ASSETS WITH DONOR RESTRICTIONS

For the year ended December 31, 2020, net assets with donor restriction were available for the following programs:

Medical care	\$56,634
Staff training software	<u>3,973</u>
	<u>\$60,607</u>

HALO-HELPING ANIMALS LIVE ON, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED For the Year Ended December 31, 2020

NOTE 13. NET ASSETS WITH DONOR RESTRICTIONS - Continued

For the year ended December 31, 2020, net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows:

Medical Care	\$126,356
Staff training software	<u>3,470</u>
	<u>\$129,826</u>

NOTE 14. COMMITMENTS AND CONTINGENCIES

In early 2020, the United States was adversely impacted by the outbreak of Novel Coronavirus ("COVID-19", "Pandemic"). The virus was declared a pandemic and a public health emergency. As a result, the Pandemic adversely impacted global commercial activity and contributed to significant volatility in domestic and global financial markets. The outbreak may continue to adversely impact global commercial activity and financial markets for an indeterminate period of time.

At this time, the financial impact of COVID-19 on the Organization cannot be reasonably estimated due to the unpredictable continuous impact of COVID-19, as well as the response of the government, economy and the Organization itself.

In Note 6, it is noted that the Organization plans to apply for, and expects to receive, the maximum amount of loan forgiveness allowed on the \$311,310 loan the Organization received under the Paycheck Protection Program. In accordance with generally accepted accounting principles, no income from the possible extinguishment of the debt will be recognized until the Organization has been legally released under the loan.

NOTE 15. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through July 26, 2021, which is the date the financial statements were available to be issued.