

***HALO - HELPING ANIMALS
LIVE ON, INC.***

AUDITED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2021**

Tull Forsberg & Olson

Professional Limited Liability Company



Certified Public Accountants

HALO - HELPING ANIMALS LIVE ON, INC.

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October 7, 2022

INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2021 and the related statements of activities, functional expenses and cash flows 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 HALO - Helping Animals Live On, Inc. 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HALO - Helping Animals Live On, Inc. 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 HALO - Helping Animals Live On, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

John J. Tull
Lynn C. Olson
Philip D. Miller
Keith C. Forsberg
Timothy J. Fyan
John D. Morse
Mitchell L. Robinaugh

Of Counsel

Franklin C. Forsberg
Richard A. Kobasic

INDEPENDENT AUDITORS' REPORT - CONTINUED

Auditors' 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 auditors' 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 HALO - Helping Animals Live On, Inc.'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 HALO - Helping Animals Live On, Inc.'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.

Tull, Furlong & O'Brien, PLLC

HALO - HELPING ANIMALS LIVE ON, INC.

STATEMENT OF FINANCIAL POSITION As of December 31, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$1,142,131
Investments	516,302
Pet food	13,244
Adoption supplies	6,177
Thrift store inventory	22,887
Prepaid expenses	17,167

Total Current Assets **1,717,908**

PROPERTY AND EQUIPMENT

Office furniture and equipment	133,189
Vehicles	157,022
Software	11,418
Leasehold improvements	345,919
	647,548
Less: Accumulated depreciation	<u>(444,975)</u>

Total Property and Equipment, Net **202,573**

SECURITY DEPOSITS - RESTRICTED CASH

10,000

TOTAL ASSETS

\$ 1,920,481

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

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 6,998
Accrued payroll and taxes	59,930
Accrued vacation	53,198
Credit card liabilities	<u>31,528</u>

Total Current Liabilities	<u>151,654</u>
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NET ASSETS

Without donor restrictions	1,763,346
With donor restrictions	<u>15,481</u>

Total Net Assets	<u>1,778,827</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,930,481</u>
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HALO - HELPING ANIMALS LIVE ON, INC.STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

	Without Restrictions	With Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions and grants	\$ 1,841,115	\$ 60,000	\$ 1,901,115
Adoption fees	748,121	-	748,121
Store sales	219,142	-	219,142
In-kind donations	309,240	-	309,240
Other revenue	315,436	-	315,436
Interest income	8,979	-	8,979
Gain on investments	18,630	-	18,630
Net assets released from restrictions	105,126	(105,126)	-
Total Public Support and Revenue	<u>3,565,789</u>	<u>(45,126)</u>	<u>3,520,663</u>
EXPENSES			
Program services	2,647,853	-	2,647,853
Management and general	86,860	-	86,860
Fundraising	281,704	-	281,704
Total Expenses	<u>3,016,417</u>	<u>-</u>	<u>3,016,417</u>
INCREASE/(DECREASE) IN NET ASSETS	549,372	(45,126)	504,246
NET ASSETS - BEGINNING OF YEAR	<u>1,213,974</u>	<u>60,607</u>	<u>1,274,581</u>
NET ASSETS - END OF YEAR	<u><u>\$ 1,763,346</u></u>	<u><u>\$ 15,481</u></u>	<u><u>\$ 1,778,827</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, 2021

	Program Services	Management and General	Fundraising	Total
PERSONNEL COSTS				
Salaries, wages, and payroll taxes	\$ 1,424,703	\$ 61,277	\$ 45,958	\$ 1,531,938
Employee benefits	63,268	4,287	2,486	70,041
Worker's compensation	16,246	699	524	17,469
Total Personnel Costs	1,504,217	66,263	48,968	1,619,448
OTHER EXPENSES				
Accounting and professional	12,757	7,590	3,084	23,431
Animal adoption fees	18,255	-	-	18,255
Animal care and supplies	175,365	-	-	175,365
Company insurance	30,433	1,530	1,217	33,180
Depreciation	73,777	3,173	2,380	79,330
Direct mail	-	-	180,760	180,760
Donor development	-	-	26,617	26,617
Merchant fees	13,401	-	260	13,661
Miscellaneous supplies	21,945	-	-	21,945
Shelter cost of sales	6,159	-	-	6,159
Office supplies and periodicals	20,860	900	720	22,480
Other veterinarian care	123,138	-	-	123,138
Printing	695	-	-	695
Processing fees	-	-	11,463	11,463
Promotions	450	-	1,013	1,463
Sterilization	87,585	-	-	87,585
Telephone and internet	17,915	851	307	19,073
Rent	142,776	5,328	3,996	152,100
Utilities	36,507	1,225	919	38,651
Vehicle and travel	46,561	-	-	46,561
Volunteer foster services	5,817	-	-	5,817
Total Other Expenses	834,396	20,597	232,736	1,087,729
IN-KIND EXPENSES				
Pet food and supplies	69,273	-	-	69,273
Thrift store cost of sales	205,449	-	-	205,449
Rent	34,518	-	-	34,518
Total In-Kind Expenses	309,240	-	-	309,240
TOTAL EXPENSES	\$ 2,647,853	\$ 86,860	\$ 281,704	\$ 3,016,417

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, 2021**CASH FLOWS FROM OPERATING ACTIVITIES**

Increase in net assets	\$ 504,246
Adjustments to Reconcile Change in Net Assets to Net	
Cash Used in Operating Activities	
Depreciation	79,330
Payroll protection program loan forgiveness income	(311,310)
Net unrealized income on investments	(18,630)
Net reinvested investment income	(8,979)
(Increase) Decrease in Assets	
Pet food	1,841
Adoption supplies	191
Thrift store inventory	(6,976)
Prepaid expenses	2,488
Increase (Decrease) in Liabilities	
Accounts payable	(18,899)
Accrued payroll and taxes	8,661
Accrued vacation	10,378
Credit card liabilities	4,250

NET CASH PROVIDED IN OPERATING ACTIVITIES246,591**CASH FLOWS FROM INVESTING ACTIVITIES**

Net purchases of marketable securities	(176,499)
Property and equipment purchases	(25,585)

NET CASH USED IN INVESTING ACTIVITIES(202,084)**NET INCREASE IN CASH, RESTRICTED CASH
AND CASH EQUIVALENTS**

44,507

CASH, RESTRICTED CASH AND CASH EQUIVALENTSBeginning of Year 1,107,624End of Year \$ 1,152,131

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, 2021

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.

Thrift Store Inventory

Thrift store 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, 2021

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, 2021 amounted to \$79,330. 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. Additionally, if a restriction is fulfilled in the same year in which contribution is received, the Organization reports the contribution as net assets without donor 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 \$1,463 for the year ended December 31, 2021.

Application of New Accounting Standards

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). This update requires a lessee to recognize on the balance sheet a liability to make lease payments and a corresponding right-of-use asset. The guidance also requires certain qualitative and quantitative disclosures about the amount, timing and uncertainty of cash flows arising from leases. This update is effective for the Organization in the first quarter of fiscal year beginning after December 15, 2021. Management is currently evaluating the full effect that the adoption of this standard will have on the consolidated financial statements and related disclosures.

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, 2021

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, 2021, 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 2018 and 2017, respectively.

HALO - HELPING ANIMALS LIVE ON, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED For the Year Ended December 31, 2021

NOTE 2. REVENUE

Sources of Revenue

Based upon similar operational and economic characteristics, the Organization's revenues are disaggregated by its strategic categories: contributions and grants, adoption fees, store sales, in-kind 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	\$1,142,131
Security deposit	<u>10,000</u>
Total Cash, Restricted Cash and Cash Equivalents	<u><u>\$1,152,131</u></u>

HALO - HELPING ANIMALS LIVE ON, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED For the Year Ended December 31, 2021

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 2021 are as follows.

	Cost	Fair Value	Cumulative Unrealized Change
Exchange traded funds	\$157,506	\$176,538	\$19,032
Mutual funds	340,165	339,764	(401)
	<u>\$497,671</u>	<u>\$516,302</u>	<u>\$18,631</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, 2021.

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 active markets for identical securities.

HALO - HELPING ANIMALS LIVE ON, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED For the Year Ended December 31, 2021

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)
Exchange traded funds	<u>Fair Value</u>	<u>\$176,538</u>
Mutual funds	<u>\$176,538</u>	<u>\$176,538</u>
Total	<u>339,764</u>	<u>339,764</u>
	<u>\$516,302</u>	<u>\$516,302</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 was 0.98% per annum and had a two year maturity.

The Organization received approval for full loan forgiveness and recognized \$311,310 in other revenue on August 5, 2021.

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 may arise. The CEO personally absorbs all other costs associated with the shelter. The Organization paid approximately \$3,848 in repairs and maintenance and \$7,863 on lease hold improvements during 2021 associated with the foster shelter.

HALO - HELPING ANIMALS LIVE ON, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED For the Year Ended December 31, 2021

NOTE 8. RELATED PARTY TRANSACTIONS - Continued

Members of the Organization's board of directors provide various services to the Organization. The Organization paid approximately \$438 for these services during 2021.

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 \$34,518 for the year ended December 31, 2021. Rent expense, not including in-kind rent, for 2021 totaled \$152,100.

Future minimum lease payments at December 31, 2021, are as follows:

<u>During the Years</u> <u>Ending December 31,</u>	<u>Total</u>
2022	\$150,010
2023	138,076
2024	140,226
2025	61,751
	<u>\$490,063</u>

NOTE 10. IN-KIND DONATIONS

As of December 31, 2021, in-kind donations are as follows:

Pet food and litter	\$ 69,273
Thrift store items	205,449
Rent	34,518
Total	<u>\$309,240</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 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.

HALO-HELPING ANIMALS LIVE ON, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED For the Year Ended December 31, 2021

NOTE 12. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization's financial assets as of December 31, 2021, 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	\$1,142,131
Investments	516,302
Prepays	<u>17,167</u>
	1,675,600
Less financial assets unavailable for general expenditure within one year	<u>(15,481)</u>
Financial Assets Available To Meet Cash Needs for General Expenditures Within One Year	<u>\$1,660,119</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, 2021, net assets with donor restriction were available for the following programs:

Medical care	\$14,979
Staff training software	<u>502</u>
	<u>\$15,481</u>

For the year ended December 31, 2021, 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	\$101,656
Staff training software	<u>3,470</u>
	<u>\$105,126</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

HALO - HELPING ANIMALS LIVE ON, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Year Ended December 31, 2021

NOTE 14. COMMITMENTS AND CONTINGENCIES - Continued

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.

NOTE 15. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 7, 2022, which is the date the financial statements were available to be issued.