

**ALL ABOUT ANIMALS RESCUE, INC.**  
**(A Nonprofit Organization)**

FINANCIAL STATEMENTS

DECEMBER 31, 2021  
*(With Independent Auditor's Report Thereon)*

**ALL ABOUT ANIMALS RESCUE, INC.**  
**(A Nonprofit Organization)**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
**All About Animals Rescue, Inc.**  
**(A Nonprofit Organization)**

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of All About Animals Rescue, Inc. (A Nonprofit Organization), (the "Organization") which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of All About Animals Rescue, Inc. (A Nonprofit Organization) 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 (GAAS). 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 All About Animals Rescue, Inc. (A Nonprofit Organization) 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.

**Report on the Audit of the Financial Statements (Continued)**

***Responsibilities of Management for the Financial Statements (Continued)***

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 All About Animals Rescue, Inc. (A Nonprofit Organization)'s ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 GAAS, 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 All About Animals Rescue, Inc. (A Nonprofit Organization)'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 All About Animals Rescue, Inc. (A Nonprofit Organization)'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.

*Doeren Mayhew*

Troy, Michigan  
June 22, 2022

**ALL ABOUT ANIMALS RESCUE, INC.**  
**(A Nonprofit Organization)**

**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2021**

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**Assets**

Current assets:

Cash and cash equivalents (notes 1 and 8)	\$ 1,322,473
Investments in equity securities (notes 1 and 3)	957,008

Total current assets 2,279,481

Property and equipment:

At cost, less accumulated depreciation of \$1,193,411 (notes 2 and 5)	1,430,558
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Other assets:

Security deposits	2,450
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Total assets \$ 3,712,489

**Liabilities and Net Assets**

Current liabilities:

Accounts payable	\$ 84,773
Accrued liabilities	110,559
Current portion of long-term debt (note 5)	228,183

Total current liabilities 423,515

Long-term debt (note 5) 92,817

Net assets:

Without donor restrictions (note 1)	3,180,572
With donor restrictions (note 1)	15,585

Total net assets 3,196,157

Total liabilities and net assets \$ 3,712,489

See accompanying notes to financial statements

**ALL ABOUT ANIMALS RESCUE, INC.**  
**(A Nonprofit Organization)**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support from operations:			
Clinic and wellness	\$ 4,762,997	\$ -	\$ 4,762,997
Public contributions and support	364,971	15,585	380,556
Total revenue and support	5,127,968	15,585	5,143,553
Net assets released from restriction	110,000	(110,000)	-
Total revenue and support and net assets released from restriction	5,237,968	(94,415)	5,143,553
Expenses:			
Program services	4,628,525	-	4,628,525
Supporting services	636,374	-	636,374
Fundraising	33,717	-	33,717
Total expenses	5,298,616	-	5,298,616
Other income:			
Gain on sale of asset	3,800	-	3,800
Investment and interest income, net of fees	66,372	-	66,372
PPP loan forgiveness	404,129	-	404,129
Total other income	474,301	-	474,301
Net increase (decrease) in net assets	413,653	(94,415)	319,238
Net assets - January 1, 2021	2,766,919	110,000	2,876,919
Net assets - December 31, 2021	<u>\$ 3,180,572</u>	<u>\$ 15,585</u>	<u>\$ 3,196,157</u>

See accompanying notes to financial statements

**ALL ABOUT ANIMALS RESCUE, INC.**  
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**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2021**

	Program Services	Supporting Services	Fundraising	Total Functional Expenses
Advertising	\$ -	\$ 5,488	\$ -	\$ 5,488
Banking and credit card fees	-	43,005	-	43,005
Conferences and conventions	-	15,324	120	15,444
Depreciation	146,524	11,439	-	157,963
Information technology	9,913	1,440	8,528	19,881
Insurance	23,463	1,832	-	25,295
Interest	-	16,299	-	16,299
Licenses and permits	6,515	-	-	6,515
Maintenance and repairs	37,274	2,910	-	40,184
Meetings, luncheons and dinners	4,634	-	-	4,634
Miscellaneous	12,575	-	13,232	25,807
Payroll processing	10,885	1,720	-	12,605
Payroll taxes	218,950	34,603	-	253,553
Printing and postage	7,353	1,420	10,837	19,610
Professional fees	210,794	11,620	1,000	223,414
Recruiting	10,380	810	-	11,190
Salaries and fringes	2,279,327	360,224	-	2,639,551
Security	7,235	-	-	7,235
Space rental	33,950	2,650	-	36,600
Supplies	1,506,000	117,569	-	1,623,569
Telephone	18,923	1,477	-	20,400
Travel	9,468	739	-	10,207
Utilities	74,362	5,805	-	80,167
	<u>\$ 4,628,525</u>	<u>\$ 636,374</u>	<u>\$ 33,717</u>	<u>\$ 5,298,616</u>
Total functional expenses				

See accompanying notes to financial statements

**ALL ABOUT ANIMALS RESCUE, INC.**  
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**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2021**

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Cash flows from operating activities:

Increase in net assets	\$ 319,238
Adjustments:	
Depreciation	157,963
Net unrealized gain on investments	(24,155)
Gain on sale of equipment	(3,800)
PPP loan forgiveness	(404,129)
Changes in liabilities:	
Increase in accounts payable	57,143
Decrease in accrued liabilities	<u>(110,410)</u>
Total adjustments	<u>(327,388)</u>
Net cash used in operating activities	(8,150)
Cash flows from investing activities:	
Purchase of investment securities	(410,077)
Interest and dividend income on investments	(37,756)
Acquisition of property and equipment	(11,885)
Proceeds from sale of asset	<u>3,800</u>
Net cash used in investing activities	(455,918)
Cash flows from financing activities:	
Repayment of long-term debt	<u>(25,376)</u>
Net decrease in cash and cash equivalents	(489,444)
Cash and cash equivalents - January 1, 2021	<u>1,811,917</u>
Cash and cash equivalents - December 31, 2021	<u><u>\$ 1,322,473</u></u>

See accompanying notes to financial statements



**ALL ABOUT ANIMALS RESCUE, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**Note 1 - Nature of Activities and Significant Accounting Policies**

Nature of Activities

All About Animals Rescue, Inc. (A Nonprofit Organization) (AAAR or “the Organization”) is a non-profit animal welfare group. They are dedicated to the goal of no more homeless pets in the State of Michigan. AAAR does this by promoting and providing adoption, spay/neuter and wellness programs in Auburn Hills, Detroit, Flint, and Warren, Michigan.

Net Assets

The Organization has adopted generally accepted accounting principles. Under these standards, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor or donor-imposed restrictions. Accordingly, net assets of AAAR and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

This portion of the Organization’s net assets is available for general obligations and is not subject to any donor-imposed restrictions. Revenues earned from contributions without donor restrictions, investment income available for general operations and all operating expenses are reported in this category. As needed, the Board may designate net assets to be allocated for specific actions.

Net Assets With Donor Restrictions

Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. Support that is restricted by the donor or grantor 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. As of December 31, 2021 there was \$15,585 restricted for lifesaving purposes.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include highly liquid debt instruments with original maturities of three months or less. AAAR places its temporary cash investments with high credit quality financial institutions. Total cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. As of December 31, 2021, the Organization had deposits in excess of FDIC coverage of approximately \$146,000.

**ALL ABOUT ANIMALS RESCUE, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**Note 1 - Nature of Activities and Significant Accounting Policies (Continued)**

Property and Equipment

Depreciation is provided over the estimated useful lives of the assets on the straight-line method. Donated equipment is stated at cost or approximate fair value at the date of donation. The Organization capitalizes all expenditures for property and equipment in excess of \$5,000.

Contributions

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received and measured at fair value. Program services and fundraising revenues are recognized when an event has occurred, and collection is likely.

Revenue Recognition

Revenue consists mainly of clinic and access to care/wellness fees. Clinic fees include surgeries. Access to care/wellness fees include vaccines, flea preventatives, nail trim, limited sick care and other general wellness care services for pets. The amount of revenue recognized reflects the consideration the Organization expects to be entitled to in exchange for the services rendered based on labor and supplies utilized. Care/wellness services are carried out at each of the four clinic locations while surgeries are carried out at two locations. Billing occurs following the service provided to the customer. Revenue is recognized at a point in time following completion of the performance obligation, which is the event occurring and the customer being admitted.

Fair Value Measurements

Generally accepted accounting principles established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are described below:

Basis of Fair Value Measurements

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

**ALL ABOUT ANIMALS RESCUE, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**Note 1 - Nature of Activities and Significant Accounting Policies (Continued)**

Fair Value Measurements (Continued)

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified contractual term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. See Note 3, Investments, for investment valuations.

Investments

The Organization's investments are classified as equity securities, which are measured at fair value as of the statement of financial position date.

Realized gains and losses on investment transactions are recorded as the difference between proceeds received and carrying value. Net unrealized appreciation or depreciation in the fair market value of investments is recorded as the change in carrying value of the investment portfolio from the beginning of the year or date of purchase to the end of the year.

Allocation of Functional Expenses

In the statement of functional expenses, salaries and related expenses are allocated to program services and supporting services on the basis of the actual or estimated time devoted to those activities. Other expenses have been allocated by square footage usage.

Expenses reported under program services represent the cost of providing adoptions, spay/neuter and wellness. Expenses reported under supporting services include costs relating to the operations of the Organization, general recordkeeping, accounting, general board activities, fundraising and other related costs.

**ALL ABOUT ANIMALS RESCUE, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**Note 1 - Nature of Activities and Significant Accounting Policies (Continued)**

Advertising

The Organization records advertising expenses as they are incurred. Advertising costs for the year ended December 31, 2021 amounted to \$5,488.

Income Taxes

AAAR is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Generally accepted accounting principles clarify the accounting and recognition for income tax positions taken or expected to be taken in the Organization's income tax returns. The Organization's income tax filings are subject to audit by various taxing authorities. The Organization's open audit periods are 2018 - 2021.

Paycheck Protection Program (PPP) Loan Accounting - Debt Model

The Organization elected to account for its PPP funds utilizing the Debt Accounting Model. Under the Debt Model the PPP loan proceeds would be recorded as a liability and interest would also be recorded. Once the entity is legally released as the primary obligor from the creditor, the liability would be derecognized and a gain on "PPP loan extinguishment" would be recorded. The PPP loan was fully forgiven in 2021.

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 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.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including June 22, 2022, which is the date the financial statements were available to be issued.

**ALL ABOUT ANIMALS RESCUE, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**Note 2 - Property and Equipment**

The principal categories of property and equipment as of December 31, 2021 may be summarized as follows:

Land	\$ 30,000
Building and building improvements	1,645,077
Furniture, fixtures and equipment	304,189
Vehicles	<u>644,703</u>
Total	2,623,969
Less accumulated depreciation	<u>1,193,411</u>
Undepreciated cost	<u>\$ 1,430,558</u>

**Note 3 - Fair Value Measurements**

The tables below segregate all financial assets as of December 31, 2021 that are measured at fair value on a recurring basis (at least annually) into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date:

	Fair Value Based on			
	Assets Measured At Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobserv- able Inputs (Level 3)
Readily determinable fair market value:				
Equity - mutual funds	\$ <u>957,008</u>	\$ <u>957,008</u>	\$ <u>-</u>	\$ <u>-</u>

For the above securities, the fair value was determined by reference to quoted market prices in active markets (Level 1) and other relevant information generated by market transactions.

**ALL ABOUT ANIMALS RESCUE, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**Note 4 - Operating Leases**

AAAR leases office spaces from unrelated third-parties. Total lease expense for the year ended December 31, 2021 was \$36,600.

The Organization's office lease in Auburn Hills, Michigan is a noncancellable lease agreement requiring monthly payments of \$1,650 per month expiring October 2022.

The Organization's office lease in Detroit, Michigan is a month-to-month lease requiring monthly payments of \$4,800.

The future minimum rental payments under these operating leases as of December 31, 2021 are as follows:

2022	\$	14,850
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**Note 5 - Long-Term Debt**

	<u>Current</u>	<u>Long-Term</u>
Note payable to bank, due in monthly installments of \$1,215 including principal and interest at 4.50%, until June 2025 when the remaining balance is due. The note is secured by substantially all property and equipment as of December 31, 2021	\$ 10,176	\$ 92,817
Note payable to bank, due in monthly installments of \$2,258 including principal and interest at 4.96%, until April 2022 when the remaining balance is due. The note is secured by substantially all property and equipment as of December 31, 2021	218,007	-
Total	\$ 228,183	\$ 92,817

**ALL ABOUT ANIMALS RESCUE, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**Note 5 - Long-Term Debt (Continued)**

The amounts of long-term debt coming due during the four years ending December 31, 2025 are as follows:

2022	\$ 228,183
2023	10,643
2024	11,132
2025	71,042

Interest expense for the year ended December 31, 2021 amounted to \$16,299.

**Note 6 - Paycheck Protection Program Loan**

On April 13, 2020, the Organization entered into a Loan Agreements and Promissory Note (SBA Loan) pursuant to the Paycheck Protection Program (PPP) under the recently enacted Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) administered by the U.S. Small Business Administration.

The Organization received total loan proceeds of \$404,129. The loan is scheduled to mature on April 13, 2022, carries a 1.00% interest rate, and is subject to the terms and conditions applicable to loans administered by the U.S. Small Business Administration under the CARES Act. The loan may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. The loan contains customary events of default relating to, among other things, payment defaults and breaches of representations and warranties. Subject to certain conditions, the loan may be forgiven in whole or in part by applying for forgiveness pursuant to the CARES Act and the PPP. The amount of loan proceeds eligible for forgiveness is determined on a formula based on a number of factors, including the amount of loan proceeds used by the Organization during the 24 weeks after the loan origination for certain purposes, including payroll costs, interest on certain mortgage obligations, rent payments on certain leases, and certain qualified utility payments, provided that, among other matters, at least 60% of the loan amount is used for eligible payroll costs, the maintenance or rehiring of employees, and maintaining salaries at certain levels. In accordance with the requirements of the CARES Act and the PPP, the Organization used the proceeds from the loan primarily for payroll costs. Accordingly, the PPP loan was fully forgiven and the entire loan was recognized into income as of December 31, 2021.

**Note 7 - Retirement Plan**

A tax deferred savings plan (ADP SIMPLE IRA PLAN) is available to all eligible employees. The Organization will contribute \$0.33 for every \$1.00 contributed for an eligible employee up to 3% of the employee’s gross pay. The contributions for the year ended December 31, 2021 were \$23,934.

**ALL ABOUT ANIMALS RESCUE, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**Note 8 - Liquidity and Availability**

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:

Total cash and cash equivalents	\$ 1,322,473
Total investments	957,008
Less those unavailable for general expenditure within one year, due to:	
Restricted by donor with time or purpose restrictions	<u>(15,585)</u>
Total	<u>\$ 2,263,896</u>

Financial assets in the amount of \$2,263,896 are available for general expenditure without donor or other restrictions limiting their use. If funds to cover the cost of current liabilities are backed out a net amount of \$1,840,381 is available.

**\* \* \* End of Notes \* \* \***