

**THE SOUTHAMPTON ANIMAL SHELTER
FOUNDATION INC.**

Financial Statements

for the years ended
December 31, 2024 and 2023

**THE SOUTHAMPTON ANIMAL SHELTER
FOUNDATION INC.**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Southampton Animal Shelter Foundation Inc.
Hampton Bays, New York

Opinion

I have audited the accompanying financial statements of The Southampton Animal Shelter Foundation Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Southampton Animal Shelter Foundation Inc. as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of The Southampton Animal Shelter Foundation Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Correction of Error

As discussed in Note 13 to the financial statements, a restatement has been included in the prior year financial statements to properly reflect a pledge erroneously not recorded in the 2022 year. My opinion is not modified with respect to this matter.

Responsibilities of Management 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; 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 the organization'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

My 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 my 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgement 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 the 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 my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Bays Accounting

Bays Accounting, CPA, P.L.L.C.
Hampton Bays, New York

October 31, 2025

THE SOUTHAMPTON ANIMAL SHELTER FOUNDATION INC.

Statements of Financial Position

	December 31	
	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,064,608	\$ 1,162,588
Investment in marketable securities	8,877,961	8,134,987
Pledges receivable	509,380	499,392
Accounts receivable	9,527	7,025
Prepaid expenses	13,032	37,376
Total Current Assets	<u>10,474,508</u>	<u>9,841,368</u>
Property and Equipment, net	<u>609,280</u>	<u>653,745</u>
Other Assets		
Long-term pledges, net discount	496,956	898,917
Deposit	31,495	25,000
Total Other Assets	<u>528,451</u>	<u>923,917</u>
Total Assets	<u><u>\$ 11,612,239</u></u>	<u><u>\$ 11,419,030</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 102,824	\$ 94,135
Deferred revenue	-	2,510
Total Current Liabilities	<u>102,824</u>	<u>96,645</u>
Net Assets		
Without donor restrictions	4,758,047	4,412,050
With donor restrictions	6,751,368	6,910,335
Total Net Assets	<u>11,509,415</u>	<u>11,322,385</u>
Total Liabilities and Net Assets	<u><u>\$ 11,612,239</u></u>	<u><u>\$ 11,419,030</u></u>

See Independent Auditor's Report and Notes to Financial Statements

THE SOUTHAMPTON ANIMAL SHELTER FOUNDATION INC.

Statement of Activities

for the year ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	\$ 544,110	\$ 736,594	\$ 1,280,704
In-kind and stock donations	112,503	-	112,503
Fundraising events	1,074,408	-	1,074,408
Shelter services	152,302	-	152,302
Veterinary clinic	419,788	-	419,788
Community outreach	24,543	-	24,543
Other income	12,200	-	12,200
Investment income, net	171,979	-	171,979
Investment gains (losses):			-
Realized	291,633	-	291,633
Unrealized	27,416	-	27,416
Net assets released from restrictions	895,561	(895,561)	-
Total Revenues	<u>3,726,443</u>	<u>(158,967)</u>	<u>3,567,476</u>
Expenses			
Program service			
Shelter services	1,388,510	-	1,388,510
Veterinary clinic	556,260	-	556,260
Community outreach	81,031	-	81,031
Total Program Services	<u>2,025,801</u>	<u>-</u>	<u>2,025,801</u>
Supporting services:			
Management and general	756,127	-	756,127
Fundraising	598,518	-	598,518
Total Supporting Services	<u>1,354,645</u>	<u>-</u>	<u>1,354,645</u>
Total Expenses	<u>3,380,446</u>	<u>-</u>	<u>3,380,446</u>
Change in Net Assets	345,997	(158,967)	187,030
Net Assets, Beginning of Year	<u>4,412,050</u>	<u>6,910,335</u>	<u>11,322,385</u>
Net Assets, End of Year	<u>\$ 4,758,047</u>	<u>\$ 6,751,368</u>	<u>\$ 11,509,415</u>

See Independent Auditor's Report and Notes to Financial Statements

THE SOUTHAMPTON ANIMAL SHELTER FOUNDATION INC.

Statement of Activities

for the year ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	\$ 571,760	\$ 459,988	\$ 1,031,748
In-kind and stock donations	77,573	-	77,573
Fundraising events	920,685	-	920,685
Shelter services	104,972	-	104,972
Veterinary clinic	196,955	-	196,955
Community outreach	14,852	-	14,852
Other income	6,171	-	6,171
Investment income, net	236,467	-	236,467
Investment gains (losses):			-
Realized	8,430	-	8,430
Unrealized	110,743	-	110,743
Net assets released from restrictions	657,614	(657,614)	-
Total Revenues	<u>2,906,222</u>	<u>(197,626)</u>	<u>2,708,596</u>
Expenses			
Program service			
Shelter services	1,317,991	-	1,317,991
Veterinary clinic	690,067	-	690,067
Community outreach	83,668	-	83,668
Total Program Services	<u>2,091,726</u>	<u>-</u>	<u>2,091,726</u>
Supporting services:			
Management and general	710,622	-	710,622
Fundraising	363,619	-	363,619
Total Supporting Services	<u>1,074,241</u>	<u>-</u>	<u>1,074,241</u>
Total Expenses	<u>3,165,967</u>	<u>-</u>	<u>3,165,967</u>
Change in Net Assets	(259,745)	(197,626)	(457,371)
Net Assets, Beginning of Year,			
As Previously Reported	4,713,570	5,260,438	9,974,008
Restatement	(41,775)	1,847,523	1,805,748
Net Assets, Beginning of Year, Restated	<u>4,671,795</u>	<u>7,107,961</u>	<u>11,779,756</u>
Net Assets, End of Year	<u>\$ 4,412,050</u>	<u>\$ 6,910,335</u>	<u>\$ 11,322,385</u>

See Independent Auditor's Report and Notes to Financial Statements

THE SOUTHAMPTON ANIMAL SHELTER FOUNDATION INC.

Statement of Functional Expenses

For the Year Ended December 31, 2024

	Program Services				Supporting Services			Total Expenses
	Shelter Services	Veterinary Clinic	Community Outreach	Total Program Services	Management and General Services	Fundraising Activities	Total Supporting Services	
Salaries	\$ 784,110	\$ 297,245	\$ 45,056	\$ 1,126,411	\$ 351,581	\$ 117,195	\$ 468,776	\$ 1,595,187
Payroll taxes	57,880	22,462	3,348	83,690	46,447	15,482	61,929	145,619
Employee benefits	68,389	29,601	4,083	102,073	14,582	4,860	19,442	121,515
Total salaries and related expenses	910,379	349,308	52,487	1,312,174	412,610	137,537	550,147	1,862,321
Outside services	36,054	15,605	2,152	53,811	28,975	20,697	49,672	103,483
Pet supplies and medicine	159,255	68,932	9,508	237,695	-	-	-	237,695
Office Supplies	65,798	28,480	3,928	98,206	19,641	45,830	65,471	163,677
Insurance	51,223	22,171	3,058	76,452	20,388	5,097	25,485	101,937
Depreciation and amortization	36,576	15,831	2,184	54,591	1,705	569	2,274	56,865
Occupancy, utilities and storage	62,315	26,972	3,720	93,007	14,310	11,924	26,234	119,241
Postage, printing & outreach expenses	22,184	9,602	1,324	33,110	66,222	373,675	439,897	473,007
Cleaning and maintenance	37,924	16,415	2,264	56,603	41,708	993	42,701	99,304
Professional Fees	-	-	-	-	144,820	-	144,820	144,820
Other	2,609	1,129	156	3,894	3,521	75	3,596	7,490
Advertising	4,193	1,815	250	6,258	2,227	2,121	4,348	10,606
Total Expenses	<u>\$ 1,388,510</u>	<u>\$ 556,260</u>	<u>\$ 81,031</u>	<u>\$ 2,025,801</u>	<u>\$ 756,127</u>	<u>\$ 598,518</u>	<u>\$ 1,354,645</u>	<u>\$ 3,380,446</u>

THE SOUTHAMPTON ANIMAL SHELTER FOUNDATION INC.

Statement of Functional Expenses

For the Year Ended December 31, 2023

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	Total Expenses
	Shelter Services	Veterinary Clinic	Community Outreach		Management and General Services	Fundraising Activities		
Salaries	\$ 750,366	\$ 436,021	\$ 49,433	\$ 1,235,820	\$ 406,795	\$ -	\$ 406,795	\$ 1,642,615
Payroll taxes	65,803	36,840	4,277	106,920	33,298	-	33,298	140,218
Employee benefits	67,957	29,414	4,057	101,428	19,321	-	19,321	120,749
Total salaries and related expenses	884,126	502,275	57,767	1,444,168	459,414	-	459,414	1,903,582
Outside services	36,354	15,735	2,170	54,259	29,216	20,869	50,085	104,344
Pet supplies and medicine	143,297	62,024	8,555	213,876	-	-	-	213,876
Office Supplies	45,424	19,661	2,712	67,797	13,558	31,639	45,197	112,994
Insurance	67,234	29,101	4,014	100,349	26,761	6,690	33,451	133,800
Depreciation and amortization	29,830	12,911	1,781	44,522	1,392	464	1,856	46,378
Occupancy, utilities and storage	60,899	26,359	3,636	90,894	13,984	11,653	25,637	116,531
Postage, printing & outreach expenses	17,256	7,469	1,030	25,755	51,513	290,673	342,186	367,941
Cleaning and maintenance	31,203	13,506	1,863	46,572	34,315	817	35,132	81,704
Professional Fees	-	-	-	-	78,559	-	78,559	78,559
Other	804	349	47	1,200	1,080	23	1,103	2,303
Advertising	1,564	677	93	2,334	830	791	1,621	3,955
Total Expenses	<u>\$ 1,317,991</u>	<u>\$ 690,067</u>	<u>\$ 83,668</u>	<u>\$ 2,091,726</u>	<u>\$ 710,622</u>	<u>\$ 363,619</u>	<u>\$ 1,074,241</u>	<u>\$ 3,165,967</u>

THE SOUTHAMPTON ANIMAL SHELTER FOUNDATION INC.

Statements of Cash Flows

for the years ended

	December 31	
	2024	2023
<i><u>Cash Flows from Operating Activities:</u></i>		
Change in Net Assets	\$ 187,030	\$ (457,371)
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation	56,865	46,378
Donated securities	(11,313)	(3,361)
Realized investment (losses)	(291,633)	(8,430)
Unrealized investment (gains)	(27,416)	(110,743)
(Increase) Decrease in:		
Pledges receivable	391,973	399,525
Accounts receivable	(2,502)	740
Stimulus tax credit receivable, net	-	587,254
Prepaid expenses	24,344	15,514
Increase (Decrease) in:		
Accounts payable and accrued expenses	8,689	(32,816)
Deferred revenue	(2,510)	2,510
Net Cash Provided by Operating Activities	<u>333,527</u>	<u>439,200</u>
<i><u>Cash Flows from Investing Activities:</u></i>		
Purchase of property and equipment	(12,400)	(72,004)
Investment purchases	(10,337,369)	(6,683,550)
Investment proceeds	9,918,262	7,133,231
Net Cash (Used) Provided by Investing Activities	<u>(431,507)</u>	<u>377,677</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(97,980)	816,877
Cash and cash equivalents, beginning of year	<u>1,162,588</u>	<u>345,711</u>
Cash and cash equivalents, end of year	<u>\$ 1,064,608</u>	<u>\$ 1,162,588</u>
Supplemental Information:		
Non-cash donations:		
Marketable securities	\$ 11,313	\$ 3,361
Shelter equipment and supplies	-	29,027
Fundraising auction items	112,503	77,573

See Independent Auditor's Report and Notes to Financial Statements

THE SOUTHAMPTON ANIMAL SHELTER FOUNDATION INC.

Notes to Financial Statements

December 31, 2024

Note 1 - Nature of Organization

The Southampton Animal Shelter Foundation Inc. (the Organization) was incorporated under the laws of New York State and is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Its primary purpose is to provide for the welfare of animals and reduce the number of homeless pets in New York. Founded in 2009 to take over operations of the Southampton Animal Shelter, formerly run by the Town of Southampton (the "Town"), the Organization conducts fundraising events to raise funds for this purpose.

Note 2 - Summary of Significant Accounting Policies

This summary of significant accounting policies is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who are responsible for their integrity and objectivity.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

See Independent Auditor's Report

THE SOUTHAMPTON ANIMAL SHELTER FOUNDATION INC.

Notes to Financial Statements

December 31, 2024

Note 2 - Continued

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

The Organization's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash and accounts receivable. The Organization deposits its cash with what it believes to be quality financial institutions, and at times during the year the balances have exceeded the federally insured limits. The Organization believes no significant concentration of credit risk exists with respect to its cash and accounts receivable.

Investments

Investments in marketable securities and money markets are reported at their fair values in the statements of financial position. Mutual funds are valued at the net realizable value of shares held by the Organization at year end. Investment income and any realized and unrealized gains and losses are included in the statements of activities net of investment fees. Investments received through donations are recorded at fair market value at the date of donation.

Promises to Give

Unconditional promises to give that are expected to be received within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized and reported as revenue.

An allowance for doubtful accounts is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Amounts are written off when deemed uncollectible. As of December 31, 2024 and 2023, management has determined that no allowance for doubtful accounts is necessary.

THE SOUTHAMPTON ANIMAL SHELTER FOUNDATION INC.

Notes to Financial Statements

December 31, 2024

Note 2 - Continued

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at the amount management expects to collect (net realizable value). Upon adoption of ASC 2016-13, the Organization assesses collectability by reviewing receivables on a collective basis where similar characteristics exist and on an individual basis identifying specific customers with known collectability issues. The Organization provides for allowances against receivables for estimated losses, if any, that may result from a customer's inability to pay balances owed. Estimates are based on the Organization's historical experience, the existing economic conditions in the industry, and information on specific accounts. Account balances are written off against the allowance after all means of collection have been exhausted and the potential for recovery is remote. At December 31, 2024 and 2023 there were no balances in the allowance accounts as management did not deem them necessary.

Property, Equipment and Depreciation

Expenditures for property and equipment are capitalized at cost. Donated assets are capitalized at their fair market value on the date of the gift. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from five to 27.5 years.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

The organization has the following exchange transaction revenue included in its Statements of Activities for the years ending December 31, 2024 and 2023:

- *Special Event Revenue* – The Organization conducts special and fundraising events in which a portion of the proceeds paid by the participant represent payment for the direct cost benefits received by the participant at the event – the exchange component, and a portion represents a contribution to the Organization. The fair value of meals and entertainment provided at these events are measured at actual cost to the Organization and is recognized when the event takes place. The contribution portion is the excess of the gross revenue over the fair value of the direct donor benefit and is recognized immediately, unless there is a right of return if the event does not take place.

See Independent Auditor's Report

THE SOUTHAMPTON ANIMAL SHELTER FOUNDATION INC.

Notes to Financial Statements

December 31, 2024

Note 2 - Continued

- *Shelter Operations* – The Organization provides many services related to the welfare of animals and the related revenue is recognized when those services take place. Any funds received prior to the service date are included in deferred revenue.

In-kind and Non-Cash Donations and Services

In-kind and non-cash donations are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind and supporting services on the accompanying statements of activities and statements of functional expenses. In-kind and non-cash donations consisted of the following:

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Stock donations – immediately sold	\$ 11,313	\$ 3,361
Shelter equipment and supplies	-	29,027
Fundraising auction items – immediately sold	<u>101,190</u>	<u>45,185</u>
Total Non-Cash Donations	<u>\$ 112,503</u>	<u>\$ 77,573</u>

The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset. The donated stock and fundraising auction items were sold immediately and utilized in accordance with its mission. The shelter equipment and supplies are being used in accordance with its mission as well.

A substantial number of volunteers have made significant contributions of their time in furtherance of the organization's mission. These services were not reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under US GAAP.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis and are based on the percentage of time.

Advertising Costs

Advertising and promotional costs are expensed as incurred and totaled \$10,606 and \$3,955 for the years ended December 31, 2024 and 2023, respectively.

See Independent Auditor’s Report

THE SOUTHAMPTON ANIMAL SHELTER FOUNDATION INC.

Notes to Financial Statements

December 31, 2024

Note 2 - Continued

New Accounting Pronouncements Adopted

On January 1, 2023, the Organization adopted ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326), which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair market value through net income. The most significant change in the standard is the shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide financial statement users with useful information in analyzing the organization's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were accounts receivable. The impact of the adoption was not considered material to the financial statements and primarily resulted in new and enhanced disclosures only.

Note 3 - Availability and Liquidity

The following represents the organization's financial assets as of:

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,064,608	\$ 1,162,588
Investments	8,877,961	8,134,987
Pledges receivable	1,006,336	1,398,309
Accounts receivable	<u>9,527</u>	<u>7,025</u>
Total Financial Assets	<u>\$ 10,958,432</u>	<u>\$ 10,702,909</u>
Less financial assets not available:		
Net assets with donor restrictions	<u>6,751,368</u>	<u>6,910,335</u>
Financial assets available to meet the cash needs for general expenditures	<u>\$ 4,207,064</u>	<u>\$ 3,792,574</u>

The Organization maintains financial assets to meet operating expenses. As part of its liquidity plan, excess cash, if any, is invested in investments, including money market accounts and publicly traded securities.

See Independent Auditor's Report

THE SOUTHAMPTON ANIMAL SHELTER FOUNDATION INC.

Notes to Financial Statements

December 31, 2024

Note 4 - Investments – Fair Value

The organization invests in mutual funds, money market funds, corporate bonds, U.S government securities, equities and exchange traded funds. Money market funds are valued at cost, which approximates fair value. Equities and exchange traded funds are valued based on quoted market prices. Corporate bonds are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. U.S. government securities are valued based on quoted market values as of the last reported sales price on the last business day of the Organization's year-end. Mutual funds are valued at Net Asset Value (NAV) of shares held by the organization at year end. There were no changes in valuation techniques in the years ended December 31, 2024 and 2023. The Organization recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels in the years ended December 31, 2024 and 2023.

The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

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

Investments are all Level 1 investments, with the exception of the US Treasuries and corporate bonds, which are Level 2 investments and consist of the following:

	<u>2024</u>	<u>2023</u>
Money market fund	\$1,649,972	\$ 1,222,574
Mutual funds	13,421	-
US Treasuries and corporate bonds	6,740,726	6,449,533
Equities	427,837	412,304
Equity funds	-	14,253
Exchange traded funds	<u>46,005</u>	<u>36,323</u>
Total	<u>\$8,877,961</u>	<u>\$ 8,134,987</u>

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THE SOUTHAMPTON ANIMAL SHELTER FOUNDATION INC.

Notes to Financial Statements

December 31, 2024

Note 4 - Continued

	<u>2024</u>	<u>2023</u>
Investment return, net is summarized as follows:		
Net realized gain on investments	\$ 291,633	\$ 8,430
Net unrealized loss on investments	27,416	110,743
Interest and dividends	190,435	252,514
Investment fees	(18,456)	(16,047)

Note 5 - Property and Equipment

Property and equipment are summarized as follows:

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Building and land	\$ 539,000	\$ 539,000
Furniture and fixtures	44,119	44,119
Computer equipment and software	137,593	134,293
Vehicles	186,975	186,975
Medical equipment	49,265	53,450
Leasehold improvements	<u>369,135</u>	<u>360,035</u>
	1,326,087	1,317,872
Less Accumulated depreciation	<u>(716,807)</u>	<u>(664,127)</u>
Property and Equipment, Net	<u>\$ 609,280</u>	<u>\$ 653,745</u>

The Organization recorded depreciation and amortization of \$56,865 and \$46,378 respectively for the years ended December 31, 2024 and 2023.

Note 6 – Pledges Receivable

Unconditional promises to give are as follows at December 31, 2024:

Short-term	\$ 509,380
Long-term	<u>519,568</u>
	1,028,948
Less discount on long-term pledge – 4.55%	<u>(22,612)</u>
Total Pledge Receivable, Net	<u>\$ 1,006,336</u>

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THE SOUTHAMPTON ANIMAL SHELTER FOUNDATION INC.

Notes to Financial Statements

December 31, 2024

Note 7 - Net Assets

Net assets with donor restrictions are as follows:

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Specific Purpose:		
Capital expenditures and improvements	\$ 5,526,557	\$ 5,061,816
Town pledge, net	1,006,336	1,398,309
Town reserve fund	92,808	67,291
Medical fund	-	300,000
Veteran program	60,000	60,000
Pet sponsors and adoptions	43,795	-
Emergency medical care	564	-
Equipment and supply grants	1,308	2,919
Training trailer	<u>20,000</u>	<u>20,000</u>
Total	<u>\$ 6,751,368</u>	<u>\$ 6,910,335</u>

Net assets released from donor restrictions are as follows:

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Specific Purpose:		
Capital expenditures and improvements	\$ 35,260	\$ 79,471
Town pledge	391,973	407,438
Town reserve fund	24,484	24,484
Gala	20,310	-
Advocat	48,206	-
Foster	2,161	-
Spray/neuter	103	-
Training	3,769	-
Animal care	-	94,463
Animal rescue	5,151	-
Pet sponsors and adoptions	21,550	-
Emergency medical care	22,551	-
Medical fund	318,432	-
Meet and Greet Room	-	37,025
Humane education program	-	13,122
Equipment, supply and trailer grants	<u>1,611</u>	<u>1,611</u>
Total	<u>\$ 895,561</u>	<u>\$ 657,614</u>

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THE SOUTHAMPTON ANIMAL SHELTER FOUNDATION INC.

Notes to Financial Statements

December 31, 2024

Note 8 - Tax Exempt Status

The Organization has been classified by the Internal Revenue Service as a publicly supported tax-exempt charity pursuant to IRC Section 501 (c) (3) and as a not-for-profit corporation under the laws of the State of New York. Accordingly, no provision for Federal or State income taxes is required. As of December 31, 2024 and 2023, no amounts have been recognized for uncertain income tax positions. The Organization's tax returns for the year 2021 and forward are subject to the usual review by the appropriate taxing authorities.

Note 9 - Retirement Plan

The Organization has a 401(k) profit sharing plan effective January 1, 2011. All employees that have met the age and service requirements are deemed to be participants. Eligible employees may elect to defer a portion of their annual compensation limited to statutory requirements determined by law. The Organization did not make any discretionary contributions for 2024 or 2023.

Note 10 - Commitments

The Organization's five-year agreement with the Town of Southampton (the "Town") for the operation of the animal shelter is in effect through December 31, 2026. Under the terms of the agreement, the Town has agreed to make contribution of \$430,000 with two percent escalations annually to cover shelter services. In addition, the Town has agreed to make additional annual contributions of \$50,000 for a capital reserve fund to be used for the improvement and repair of the Shelter building and fixtures located at the Old Riverhead Road site in Hampton Bays, New York. The Organization is not required to pay rent to the Town during the term of the agreement, and the Organization has not determined nor recorded the fair value of the rent. Under the agreement, the Town is responsible for only necessary structural repairs in the event of a natural disaster response, or structural failure with anticipated cost exceeding \$100,000. Additionally, the Organization is responsible for utility costs and maintaining the capital reserve fund. The Organization is required to maintain a deposit of \$25,000 with the Town, which is shown on the Statement of Financial Position as an Other Asset.

The Organization entered into a two-year lease agreement in 2022 with the Organization's Executive Director for an annual rate of \$24,000 for rental of the single-family residence the Organization purchased in 2020. The lease has not been renewed as of the date of the audit report and the property was sold in 2025.

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THE SOUTHAMPTON ANIMAL SHELTER FOUNDATION INC.

Notes to Financial Statements

December 31, 2024

Note 11 - Concentrations

The Organization has been economically dependent on several major related donors for a significant portion of its cash flow requirements. The Chairwoman and an entity affiliated with the Chairwoman donated \$339,090 and \$460,379 to the Organization during 2024 and 2023, respectively.

Note 12 - Subsequent Events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 31, 2025, the date that the financial statements were available to be issued.

The single-family residence was sold in April 2025 for \$700,000.

Note 13 - Restatement

The financial statements contain a restatement adjustment for a 2022 pledge that was not recorded until 2023. Reclassification of the 2023 opening net assets are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net Assets, January 1, 2023 as Previously Reported	\$ 4,713,570	\$ 5,260,438	\$ 9,974,008
Record pledge, net of discount	<u>(41,775)</u>	<u>1,847,523</u>	<u>1,805,748</u>
Net Assets, January 1, 2023 as Restated	<u>\$ 4,671,795</u>	<u>\$ 7,107,961</u>	<u>\$ 11,779,756</u>

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