

**ANIMALS & SOCIETY INSTITUTE, INC.  
AUDITED FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**R. Michael LaBounty CPA, Incorporated**  
*Certified Public Accountant*  
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Brunswick, Georgia 31520

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**INDEPENDENT AUDITOR'S REPORT**

To The Board of Directors  
Animals & Society Institute, Inc.  
2512 Carpenter Road, Suite 202A  
Ann Arbor, MI 48108-1188

***Opinion***

We have audited the accompanying financial statements of Animals & Society Institute, Inc. (a nonprofit organization), which comprise the statements of financial position—cash basis as of December 31, 2021, and the related statement of activities and functional expenses 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 Animals & Society Institute, Inc. as of December 31, 2021, and the results of its operations for the year then ended, in accordance with the cash basis of accounting as described in Note A.

***Basis of 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 Animals & Society Institute, 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.

***Basis of Accounting***

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our 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 the financial statements in accordance with the cash basis of accounting described in Note A, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

***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 judgement made by a reasonable user based on the financial statements.

To the Board of Directors  
Animals & Society Institute, Inc.

***Auditor's Responsibilities for the Audit of the Financial Statements (Continued)***

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 Animals & Society Institute, 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 Animals & Society Institute, 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.

*R MICHAEL LABOUNTY CPA, INCORPORATED*

Brunswick, Georgia

July 26, 2022

**ANIMALS & SOCIETY INSTITUTE, INC.**  
**STATEMENT OF FINANCIAL POSITION – CASH BASIS**  
**AS OF DECEMBER 31, 2021**

**ASSETS**

CURRENT ASSETS:

Cash	\$ 92,710
Cash - restricted	<u>102,075</u>

Total current assets	194,785
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PROPERTY & EQUIPMENT:

Library books	<u>41,600</u>
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Total assets	\$ <u><u>236,385</u></u>
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**LIABILITIES AND NET ASSETS**

LIABILITIES:	\$ -
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NET ASSETS:

Net assets without donor restrictions	134,310
Net assets with donor restrictions	<u>102,075</u>

Total liabilities & net assets	\$ <u><u>236,385</u></u>
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**ANIMALS & SOCIETY INSTITUTE, INC.  
STATEMENT OF ACTIVITIES – CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:

REVENUE & SUPPORT:

Contributions	\$ 168,466
Government grants	31,765
Membership fees	9,325
Other income	1,833
Released restrictions	<u>57,668</u>

Total revenue & support	<u>269,057</u>
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EXPENSES:

Program expenses	145,665
Fundraising expenses	22,652
General & administrative expenses	<u>39,026</u>

Total expenses	<u>207,343</u>
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INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>61,714</u>
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CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:

Contributions	68,166
Released from restrictions	<u>(57,668)</u>

INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>10,498</u>
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INCREASE IN NET ASSETS	72,212
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NET ASSETS, BEGINNING OF YEAR	<u>164,173</u>
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NET ASSETS, END OF YEAR	<u><u>\$ 236,385</u></u>
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**ANIMALS & SOCIETY INSTITUTE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES – CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>Program</b>	<b>Fundraising</b>	<b>General &amp; Administrative</b>	<b>Total</b>
	<b>Expenses</b>	<b>Expenses</b>	<b>Expenses</b>	
<b>December 31, 2021</b>				
Personnel	\$ 115,088	\$ 15,234	\$ 20,793	\$ 151,115
Contract services	13,082	2,623	-	15,705
Program expenses	15,201	-	-	15,201
Occupancy	67	4	10,028	10,099
Professional fees	-	500	7,328	7,828
Fundraising expenses	-	3,887	-	3,887
Office expenses	814	326	799	1,939
Insurance	1,413	78	78	1,569
	<u>145,665</u>	<u>22,652</u>	<u>39,026</u>	<u>207,343</u>
Total	\$ <u>145,665</u>	\$ <u>22,652</u>	\$ <u>39,026</u>	\$ <u>207,343</u>

SEE INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**ANIMALS & SOCIETY INSTITUTE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

Animals & Society Institute, Inc. (the Organization) was incorporated in the state of Michigan in 2008. The Organization provides leadership in human-animal studies by developing programs, events, and publications that expand the availability of information and resources to the public. The Organization also provides information and resources for the prevention and treatment of animal abuse.

**Note A – Summary of Significant Accounting Policies**

The Organization's Summary of Significant Accounting Policies is presented to assist in understanding its 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 of the Organization have been prepared on the cash-basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). The cash-basis of accounting differs from GAAP primarily because revenues are recognized when received rather than when earned and expenses are recorded when paid rather than when incurred. The financial statements therefore present only cash and cash equivalents and changes therein in the form of cash receipts and disbursements.

**Cash and Cash Equivalents** - Cash and cash equivalents include all highly liquid investments purchased with an initial maturity of three months or less. As of December 31, 2021, there were no cash equivalents.

**Contributions** – Contributions received are recorded as increases in net assets without donor restrictions or net asset with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is 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 restrictions. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service.

**Tax Exempt Status** - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. For the year ended December 31, 2021, the Organization did not have any unrelated business income and, accordingly, no unrelated business income tax. The Financial Accounting Standards Board has issued an Interpretation clarifying when an uncertainty in income taxes should be recognized or disclosed in the Organization's financial statements. The Organization has reviewed its tax positions and has determined that there are no tax uncertainties requiring recognition or disclosure for the years open to potential IRS examination (2019-2021).

**Functional Allocation of Expenses** – The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements also report certain categories of expenses that are attributed to more than one function requiring allocation on a reasonable basis that is consistently applied. Costs are directly charged to the function they benefit. Personnel costs are allocated based on estimated time spent for each function. Rent and other occupancy costs are allocated based on allocation of square footage.



**ANIMALS & SOCIETY INSTITUTE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note B – Concentrations of Credit and Other Risks**

The Organization maintains its cash at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC-insured limit is \$250,000 of deposits per financial institution. As of December 31, 2021, the Organization’s balances did not exceed these insured limits. Management believes that the FDIC backing and the quality of the financial institution with which these amounts are deposited minimizes any potential risk of material loss. In addition, the Organization receives a majority of its funding from state and local agencies. Any change in the awarding of these funds could have a negative impact on the operations of the Organization.

**Note C – Liquidity and Availability of Financial Assets**

The Organization’s primary source of support is contributions from individuals. Monthly cash outflows vary each year based on the projects undertaken by the Organization. The following reflects the Organization’s financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts available include donor-restricted amounts that are available for expenditure in the following year. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the Organization approves the action.

The Organization’s financial assets as of December 31, 2021 available within one year after this date to satisfy liabilities at this date and for future general expenditure are as follows:

Cash		\$ <u>92,710</u>
Total financial assets		92,710
Less amounts not available in one year due to specific restricted purposes		<u>-</u>
<b>Financial assets available to meet cash needs for expenditures within one year</b>		<b>\$ <u><u>92,710</u></u></b>

**Note D – Subsequent Events**

Management has evaluated events and transactions which occurred through July 26, 2022, which was the date the financial statements were available to be issued. As a result of this evaluation management has determined that no other events or transactions are required to be disclosed.