

Companion Animal Alliance

Baton Rouge, Louisiana

Year Ended December 31, 2019

*Financial Statements
and Supplementary Information*

William D. Mercer, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

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William D. Mercer, APAC
CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM D. MERCER, CPA (P.C.)

MEMBERS OF:
AMERICAN INSTITUTE
AND SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Companion Animal Alliance
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Companion Animal Alliance (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Companion Animal Alliance as of December 31, 2019, 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise Companion Animal Alliance's basic financial statements. The schedule of compensation, benefits, and other payments to agency head on page 25 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation, benefits, and other payments to agency head on page 25 is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head on page 25 is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2020, on our consideration of Companion Animal Alliance's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Companion Animal Alliance's internal control over financial reporting and compliance.

William D. Mercer CPA

Baton Rouge, Louisiana
November 6, 2020

William D. Mercer, APAC

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM D. MERCER, CPA (P.C.)

MEMBERS OF:
AMERICAN INSTITUTE
AND SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Companion Animal Alliance
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Companion Animal Alliance, which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 6, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Companion Animal Alliance's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the effectiveness of Companion Animal Alliance's internal control. Accordingly, we do not express an opinion on the effectiveness of Companion Animal Alliance's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Companion Animal Alliance's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

William D. Mercer CPA

Baton Rouge, Louisiana
November 6, 2020

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

STATEMENT OF FINANCIAL POSITION

December 31, 2019

ASSETS

CURRENT:

Cash and cash equivalents	\$	682,501
Pledges receivable – current		218,438
Other receivables		2,800
Inventory		<u>7,792</u>
Total Current Assets		<u>911,531</u>

PROPERTY AND EQUIPMENT:

Building and improvements		9,147,760
Equipment and furniture		444,617
Transportation equipment		<u>135,489</u>
		9,727,866
Less accumulated depreciation		<u>454,479</u>
Net Property and Equipment		<u>9,273,387</u>

LONG-TERM:

Pledges receivable – noncurrent		<u>100,000</u>
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TOTAL ASSETS \$ 10,284,918

The accompanying notes are an integral part of these financial statements.

LIABILITIES

CURRENT:

Accounts payable and accrued expenses	\$	54,988
Due to Baton Rouge Area Foundation		36,522
Line of credit		<u>220,000</u>

TOTAL LIABILITIES (all current) 311,510

NET ASSETS

With donor restrictions		1,193,647
Without donor restrictions		<u>8,779,761</u>

TOTAL NET ASSETS 9,973,408

TOTAL LIABILITIES AND NET ASSETS \$ 10,284,918

The accompanying notes are an integral part of these financial statements.

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES

Year Ended December 31, 2019

	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>Totals</u>
REVENUES:			
Contributed support	\$ 129,457	\$ 1,724,197	\$ 1,853,654
Earned revenues:			
Adoption and other revenues	-	316,552	316,552
Governmental contracts and fees	-	771,810	771,810
License fee revenue	-	150,000	150,000
Merchandise sales	-	13,739	13,739
Investment income	4,961	39,334	44,295
Net assets released from restrictions	(137,563)	137,563	-
Total Revenues	<u>(3,145)</u>	<u>3,153,195</u>	<u>3,150,050</u>
EXPENSES:			
Program services	-	1,840,020	1,840,020
Supporting services:			
Management services	-	498,168	498,168
Fundraising	<u>-</u>	<u>317,612</u>	<u>317,612</u>
Total Expenses	<u>-</u>	<u>2,655,800</u>	<u>2,655,800</u>
 Change in net assets	 (3,145)	 497,395	 494,250
 NET ASSETS, beginning of year	 <u>1,196,792</u>	 <u>8,282,366</u>	 <u>9,479,158</u>
 NET ASSETS, end of year	 <u>\$ 1,193,647</u>	 <u>\$ 8,779,761</u>	 <u>\$ 9,973,408</u>

The accompanying notes are an integral part of these financial statements.

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2019

	<u>Program Services</u>	<u>Management Services</u>	<u>Fundraising</u>
Administrative fees	\$ -	\$ 14,419	\$ -
Advertising	-	-	551
Auto and truck expense	11,884	-	-
Cleaning	37,573	-	-
Cost of merchandise sold	8,531	-	-
Depreciation	220,847	58,893	14,723
Employee benefits	85,450	21,688	5,422
Food	25,085	-	-
Fundraising	-	-	230,902
Insurance	92,975	30,992	2,084
Interest	-	11,718	-
Medical supplies	244,760	-	-
Miscellaneous	1,919	336	22
Occupancy expense	45,427	22,796	2,906
Office expense	8,976	2,332	706
Payroll expenses	858,108	228,829	57,207
Printing and communications	10,212	2,723	680
Professional services	133,736	93,821	-
Repairs and maintenance	10,262	2,737	684
Supplies	18,496	-	-
Technology	9,989	2,673	668
Travel	<u>15,790</u>	<u>4,211</u>	<u>1,057</u>
Totals	\$ <u>1,840,020</u>	\$ <u>498,168</u>	\$ <u>317,612</u>

The accompanying notes are an integral part of these financial statements.

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

STATEMENTS OF CASH FLOWS

Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 494,250
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	294,463
(Increase) decrease in:	
Pledges receivable	58,132
Other receivables	(1,912)
Inventory	(1,964)
Increase (decrease) in:	
Accounts payable and accrued expenses	(530,108)
Amounts due to Baton Rouge Area Foundation	<u>34,489</u>
Net cash provided by operating activities	<u>347,350</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Cash payments for purchase of property and equipment	<u>(222,561)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Net borrowings on line of credit	<u>-</u>
NET INCREASE IN CASH	124,789
CASH AND CASH EQUIVALENTS, beginning of year	<u>557,712</u>
CASH AND CASH EQUIVALENTS, end of year	\$ <u>682,501</u>

The accompanying notes are an integral part of these financial statements.

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

Companion Animal Alliance (the Organization) is a nonprofit organization committed to reducing the number of animals entering the animal shelter, treating animals humanely while they are in the shelter's care, and to finding homes for animals, returning lost animals to their families while finding foster care and permanent homes for other dogs and cats.

Method of accounting

The accompanying financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Organization regularly assesses these estimates and, while actual results could differ, management believes that the estimates are reasonable.

Significant estimates included in or affecting the presentation of the accompanying financial statements include estimated useful lives of property and equipment.

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of presentation

Net assets of the Organization and changes therein are classified and reported as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations. This also includes previously restricted gifts and grants for buildings and equipment that have been placed into service.

With donor restrictions – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt, including gifts and pledges for buildings and equipment not yet placed in service. Also included in this net asset category are net assets subject to donor-imposed restrictions to be maintained permanently by the Organization, including gifts and pledges wherein donors stipulate that the corpus of the gift be held in perpetuity and that only income be made available for program operations.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed stipulations. Expenses are recorded as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated passage of time has elapsed) are reported as net assets released from restrictions.

Cash and cash equivalents

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

Inventory

The Organization's inventory, consisting of retail pet supplies, is stated at cost.

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

All property and equipment is stated at cost. Expenditures for maintenance, repairs, and minor renewals are expensed as incurred. Major expenditures for renewals and betterments are capitalized.

As a general rule, when items are retired or otherwise disposed, accumulated depreciation is reduced by the accumulated amount of depreciation applicable thereto. Any gain or loss from such retirement or disposal is credited or charged to income in the year of the disposal.

Depreciation and amortization

Depreciation is computed on the straight-line method over the following estimated useful lives of the various classes of depreciable assets:

Buildings and improvements	10 – 40 years
Equipment and furniture	3 – 10 years
Transportation equipment	3 – 5 years

The useful lives are estimated based on historical experience with similar assets, taking into account anticipated technological or other changes. The Organization periodically reviews these lives relative to physical factors, economic factors, and industry trends. If there are changes in the planned use of property and equipment or if technological changes occur more rapidly than anticipated, the useful lives assigned to those assets may be shortened, resulting in the recognition of increased depreciation and amortization expense in future periods.

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Organization reports contributions as support with donor restrictions if they are received with donor or grantor restrictions that limit the use of the contributions. When a restriction expires (i.e., when a stipulated time restriction ends or a 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. Contributions are considered to be available for unrestricted use and recorded as such, unless specifically restricted by the donor.

Revenues from government agency contracts and fees are recognized in the period in which the Organization provides the service.

Advertising

The Organization expenses the production costs of advertising the first time the advertising takes place, except for direct response advertising, which is capitalized and amortized over its expected period of future benefits. As of December 31, 2019, the Organization had no advertising classified as assets, and advertising costs of \$ 551 were expensed as incurred.

Income taxes

The Organization is a not-for-profit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state income tax under Section 121(5) of Title 47 of the Louisiana Revised Statutes. Accordingly, no provision or liability for federal or state income taxes has been included in the accompanying financial statements.

Functional allocation of expenses

The costs of providing programs have been summarized on functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Management of liquid resources

The Organization is primarily funded by contributions and contract fees that may contain restrictions. Those restrictions require that resources be used in a certain manner or in a future period. Therefore, the Organization must maintain adequate resources to meet those responsibilities to its donors and certain financial assets may not be available for general expenditure within one year. As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. The Organizations also invests its cash in investments held by Baton Rouge Area Foundation. The Board of Directors may occasionally designate amounts to its liquidity reserve that could be utilized in the event of an unanticipated liquidity need.

Subsequent events

In preparing the accompanying financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through November 6, 2020, the date the financial statements were available to be issued.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2019, were as follows:

Cash on hand	\$	500
Cash in bank – checking / savings		268,954
Cash in bank – money market		<u>413,047</u>
	\$	<u>682,501</u>

As of December 31, 2019, the Organization’s money market funds were being held by Baton Rouge Area Foundation, a non-profit organization located in Baton Rouge, Louisiana, who allows nonprofit organizations to set up funds for their own benefit. Baton Rouge Area Foundation serves as an agent on behalf of the nonprofit organization.

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE C – CONTRIBUTED SUPPORT

The Organization utilizes certain accounting and other professional services provided by Baton Rouge Area Foundation. The value of these services for the year ended December 31, 2019, was estimated at \$60,000, which is included as a component of unrestricted revenues and expenses in the accompanying financial statements.

The Organization received in-kind donations of pet food and fundraising expenses during the year ended December 31, 2019. The value of these donations was estimated at \$ 77,587, which is included as a component of unrestricted revenues and expenses in the accompanying financial statements.

NOTE D – INVESTMENT INCOME

Investment income in the accompanying financial statements is calculated on overall return from investments owned by Baton Rouge Area Foundation. Interest and investment gains and losses are allocated proportionately among all organizations holding funds with Baton Rouge Area Foundation.

NOTE E – LONG-TERM OBLIGATIONS

As of December 31, 2019, the Organization had outstanding debt under a line of credit with a local bank. This liability is currently payable in installments of interest only, at an annual rate of 5.5%, and is secured by receivables of the Organization. As of December 31, 2019, the outstanding debt under this obligation was \$ 220,000, and available credit under this line of credit totaled \$ 280,000.

The Organization had no other long-term liabilities as of December 31, 2019.

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE F – SUPPLEMENTARY CASH FLOW INFORMATION

Cash payments for interest and income taxes for the year ended December 31, 2019, were as follows:

Interest	\$ <u>11,718</u>
Income taxes	\$ <u>-</u>

Noncash investing and financing activities for the year ended December 31, 2019, were as follows:

Utilization of Baton Rouge Area Foundation accounting and professional services estimated at \$60,000

In-kind donations of pet food and fundraising services estimated at \$ 77,587

NOTE G – RELATED PARTY TRANSACTIONS

As of December 31, 2019, the Organization had an outstanding liability totaling \$ 36,522 payable to Baton Rouge Area Foundation, which provides fiscal agency, accounting, and professional services to the Organization. This liability represents funds paid for operating expenses by Baton Rouge Area Foundation on behalf of the Organization. Management anticipates this liability will be liquidated within the current period.

NOTE H – AVAILABILITY OF FINANCIAL RESOURCES

The following represents the Organization's financial assets as of December 31, 2019, reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts that are not available also include board designated amounts that could be utilized if the Board of Directors approved the use.

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE H – AVAILABILITY OF FINANCIAL RESOURCES (continued)

Financial assets, December 31, 2019:	
Cash and equivalents	\$ 682,501
Pledges receivable – current	218,438
Other receivables	<u>2,800</u>
	903,739
Less those unavailable for general expenditures within one year, due to:	
Restricted by donor with time or purpose restrictions	1,193,647
Board designations	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$(289,908)</u>

As discussed in Note E, the Organization has unused funds available under a line of credit totaling \$280,000 as of December 31, 2019.

NOTE I – SIGNIFICANT CONCENTRATIONS OF RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and contract revenues.

The Organization maintains its cash account in a checking account at a commercial bank located in Louisiana. Accounts at this bank are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Amounts on deposit at various times throughout the year may exceed the federally insured limit. As of December 31, 2019, the Organization had no uninsured cash balances. Additionally, the Organization's funds in money market accounts totaling \$ 413,047 as of December 31, 2019, are held by Baton Rouge Area Foundation.

The Organization receives a significant portion of its support under a cooperative endeavor agreement with the City of Baton Rouge/Parish of East Baton Rouge. A reduction in the amount of support and revenue provided under this agreement, should this occur, could have a significant impact on the Organization's ability to carry out its activities and support services at current levels.

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE J – COMMITMENTS AND CONTINGENCIES

The Organization’s former Executive Director filed a lawsuit in the 19th Judicial District Court for the Parish of East Baton Rouge against the Organization claiming wrongful termination, retaliation, defamation, and invasion of privacy. This lawsuit stems from the termination of the former employee in October 2018 based on a number of allegations, including payroll fraud, improper personal use of Organization credit cards, and theft of animals from the animal shelter facility. Additionally, the former director was also involved in a situation regarding providing euthanized animals, as well as live animals marked for euthanasia, to the Louisiana State University Veterinary School for research purposes. The latter situation received media attention, as well as involvement of the US Department of Agriculture and the nonprofit People for the Ethical Treatment of Animals (PETA). As of November 2020, discovery is still underway. Previous attempts to reach a settlement in this case have failed. The Organization’s attorneys believe this is a defensible claim based on their investigation, and no estimate of claims based upon this suit can be provided.

NOTE K – CAPITAL CAMPAIGN

In 2015, the Organization began a capital campaign to raise funds for the construction of a new animal shelter facility. Pledges for this campaign totaled \$ 9,629,767 as of December 31, 2019, of which \$318,438 remains outstanding at that date. Anticipated receipts of the outstanding pledges receivable as of December 31, 2019, are as follows:

<u>Year ended</u> <u>December 31,</u>	
2020	\$ 218,438
2021	100,000
2022	-
2023 and later	<u>-</u>
	\$ <u>318,438</u>

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE L – DONOR RESTRICTED FUNDS

Net assets with donor restrictions as of December 31, 2019, consisted of the following:

Animal health and welfare	\$ 1,193,647
Building fund	<u>-</u>
Total net assets with donor restrictions	\$ <u>1,193,647</u>

NOTE M – SUBSEQUENT EVENTS

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely affecting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and could trigger a period of economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. The extent to which the pandemic may impact financial markets and the Organization’s financial condition or results of operations cannot be reasonably estimated at this time. The Organization received funds under the federal Paycheck Protection Program totaling \$ 241,341 as a result of the COVID-19 pandemic. As of the issuance of these financial statements, no application for forgiveness of this loan has been made.

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS

Year Ended December 31, 2019

FINDING NO. 2019-001 – AUDIT REPORT

Condition: The Organization did not submit audited financial statements to the Louisiana Legislative Auditor within the period prescribed by applicable regulations. The submission of this audit will meet the audit requirements.

Criteria: Audited financial statements should be submitted to the Louisiana Legislative Auditor within six months of the end of the organization's fiscal year (Louisiana R.S. 24:514).

Cause: The Organization requested and received an extension of time to submit its audited financial statements to the Legislative Auditor, with such extension granted until October 31, 2020. However, the Organization's legal counsel did not timely provide information related to outstanding legal matters. Additionally, the Organization and its auditor were hampered in their operations as a result of the ongoing coronavirus pandemic, which impacted the ability to complete and submit the financial statements in a timely manner.

Effect: The Organization is responsible for compliance with financial statement reporting requirements and is not in compliance with those requirements.

Recommendation: The submission of these financial statements will satisfy the audit requirements for the year ended December 31, 2019. As noted above, the Organization and its auditor were impacted by the ongoing coronavirus pandemic, which delayed the completion and submission of these financial statements. While the pandemic continues to impact many businesses and organizations throughout the world, it is not expected that such a situation will be repeated in the future. The Organization should retain and work with its auditor to ensure timely submission of future financial statements.

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended December 31, 2019

There were no findings for the year ended December 31, 2018, in the prior audit report dated June 27, 2019.

SUPPLEMENTARY INFORMATION

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD
Year Ended December 31, 2019

Agency Head: Jillian Sergio, Executive Director

Purpose:	Amount:
Salary	\$ 72,798
Benefits – insurance	\$ 3,197
Benefits – retirement	\$ 1,674
Benefits – payroll taxes	\$ 5,596
Car allowance	None
Vehicle provided by government	None
Per diem	None
Reimbursements	\$ 436
Travel	\$ 872
Registration fees	None
Conference travel	None
Continuing professional education fees	None
Housing stipend	\$ 12,087 (included in salary)
Unvouchered expenses	None
Special needs	None

See auditor's report on supplementary information.



Christel C. Slaughter PhD
Chair

MANAGEMENT'S CORRECTIVE ACTION PLAN

Vera L. Olds
Vice Chair

For the Year Ended December 31, 2019

Carole Lamar
Secretary

FINDING NO. 2019-001 – AUDIT REPORT

Andrew T. McMains
Treasurer

The Organization agrees with this finding. The Organization did not submit audited financial statements to the Legislative Auditor within the period prescribed by applicable regulations because our auditor was unable to obtain information related to outstanding legal matters from our attorneys.

Lisa Adamek

S. Dennis Blunt

Louise Bruce

Contact Persons: Debbie Pickell, Board Member

Cathy Coates

Cathy Dardenne

Corrective Action: The necessary responses have been received by our auditor and the report has been completed. Future requests for written representation from our attorney will stress that the response will be needed prior to the June 30th deadline.

Teri G. Fontenot

Carolyn E. Martin

M. Scott McKnight

Hon. W. Henson Moore

Deborah D. Pickell

Cathy Wells

Christel Slaughter

Wendy Wolfson

Chair