COMPANION ANIMAL ALLIANCE

Baton Rouge, Louisiana

FINANCIAL STATEMENTS

December 31, 2025 and 2024

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

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December 31, 2025 and 2024

Faulk&Winkler

INDEPENDENT AUDITORS' REPORT

Board of Directors
Companion Animal Alliance
Baton Rouge, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **COMPANION ANIMAL ALLIANCE** (a nonprofit organization) (the Alliance), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Alliance, as of December 31, 2025 and 2024, 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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Alliance and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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.

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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 Alliance's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, the *Louisiana Governmental Audit Guide,* and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, the *Louisiana Governmental Audit Guide,* and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Alliance'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 the Alliance'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits, and other payments to agency head on page 20 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements 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 is fairly stated in all material respects in relation to the financial statements as a whole.

Emphasis of Matter

We draw attention to Note 13 to the financial statements, which describes prior period adjustments recorded to properly state prepaid expenses and insurance notes payable for the year ended December 31, 2024. As described in the note, these adjustments resulted in an increase to prepaid expenses and a corresponding increase to insurance notes payable, with a net increase to previously reported net assets. Accordingly, net assets as of December 31, 2024, have been restated. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2026, on our consideration of the 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 the Alliance's internal control over financial reporting and compliance.

Faulk & Winkler, LLC

Certified Public Accountants

Baton Rouge, Louisiana
June 30, 2026

COMPANION ANIMAL ALLIANCE

Baton Rouge, Louisiana

STATEMENTS OF FINANCIAL POSITION

December 31, 2025 and 2024

ASSETS

	2025	2024
CURRENT ASSETS		
Cash and cash equivalents	$ 1,951,307	$ 1,605,362
Investment	268,912	-
Accounts receivable	-	177,522
Contribution receivable - rent, current portion, net of discount	11,456	11,456
Prepaid expenses	138,936	137,806
Inventory	24,178	6,847
Total current assets	2,394,789	1,938,993
CONTRIBUTION RECEIVABLE - RENT, LONG-TERM, NET	458,233	469,689
PROPERTY AND EQUIPMENT, NET	8,456,545	8,829,367
Total assets	$ 11,309,567	$ 11,238,049

LIABILITIES AND NET ASSETS

	2025	2024
CURRENT LIABILITIES		
Accounts payable	$ 41,805	$ 52,273
Accrued expenses	116,854	122,837
Insurance notes payable	86,292	92,338
Deferred revenue	67,044	77,167
Total current liabilities	311,995	344,615
NET ASSETS		
With donor restrictions	1,337,066	851,017
Without donor restrictions	9,660,506	10,042,417
Total net assets	10,997,572	10,893,434
Total liabilities and net assets	$ 11,309,567	$ 11,238,049

The accompanying notes to financial statements
are an integral part of this statement.

Exhibit B

COMPANION ANIMAL ALLIANCE

Baton Rouge, Louisiana

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2025 and 2024

	2025			2024		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
REVENUES						
Support:						
Contributions	$ 1,132,497	$ 335,905	$ 1,468,402	$ 655,059	$ 937,883	$ 1,592,942
Grants	194,208	425,000	619,208	112,422	-	112,422
Gala and fundraising income	329,182	-	329,182	307,854	-	307,854
Investment earnings, net	37,412	13,112	50,524	62,352	-	62,352
Revenues:						
Adoption fees	210,480	-	210,480	187,748	-	187,748
Program services fees	1,374,399	-	1,374,399	1,030,855	-	1,030,855
License fees	-	-	-	300,000	-	300,000
Merchandise sales	24,031	-	24,031	29,028	-	29,028
In-kind contributions	71,661	-	71,661	28,477	-	28,477
Other Income	44,756	-	44,756	95,789	-	95,789
Total revenues and support	3,418,626	774,017	4,192,643	2,809,584	937,883	3,747,467
Net assets released from restriction	287,968	(287,968)	-	1,199,345	(1,199,345)	-
Total revenue, support, and net assets released from restriction	3,706,594	486,049	4,192,643	4,008,929	(261,462)	3,747,467
EXPENSES						
Program services	2,867,157	-	2,867,157	2,824,162	-	2,824,162
Supporting services:						
Fundraising	321,803	-	321,803	310,768	-	310,768
General and administrative	899,545	-	899,545	689,064	-	689,064
Total expenses	4,088,505	-	4,088,505	3,823,994	-	3,823,994
Change in net assets	(381,911)	486,049	104,138	184,935	(261,462)	(76,527)
NET ASSETS						
Beginning of year, restated	10,042,417	851,017	10,893,434	9,857,482	1,112,479	10,969,961
End of year	$ 9,660,506	$ 1,337,066	$ 10,997,572	$ 10,042,417	$ 851,017	$ 10,893,434

The accompanying notes to financial statements are an integral part of this statement.

COMPANION ANIMAL ALLIANCE

Baton Rouge, Louisiana

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 104,138	$ (76,527)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	444,081	384,447
Contributions of investments	(260,305)	-
Unrealized gain	(8,607)	-
Contribution receivable	11,456	11,456
Change in operating assets	289,031	(152,485)
Change in operating liabilities	(26,574)	109,246
Net cash provided by operating activities	553,220	276,137
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(71,259)	(531,425)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on insurance notes payable	(136,016)	(46,714)
Net increase (decrease) in cash	345,945	(302,002)
CASH AND CASH EQUIVALENTS		
Beginning of year	1,605,362	1,907,364
End of year	$ 1,951,307	$ 1,605,362
Supplemental disclosure of cash flow information:		
Prepaid expenses acquired through insurance notes payable	$ 129,970	$ 139,052
Cash paid for interest	$ 2,090	$ 3,537
Investments acquired through contributions	$ 260,305	$ -
Reconciliation of cash paid for acquisition of property and equipment:		
Acquisition of property, plant, and equipment	$ 71,259	$ 718,909
Less: deposits made in the prior year	-	(187,484)
Cash paid for acquisition of property and equipment	$ 71,259	$ 531,425

The accompanying notes to financial statements
are an integral part of this statement.

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

STATEMENTS OF FUNCTIONAL EXPENSES

For the years ended December 31, 2025 and 2024

	2025				2024			
	Program	Fundraising	General and Administrative	Total	Program	Fundraising	General and Administrative	Total
Salaries	$ 1,158,132	$ 99,268	$ 397,074	$ 1,654,474	$ 1,267,296	$ 84,486	$ 337,946	$ 1,689,728
Payroll taxes	91,394	7,834	31,335	130,563	108,536	7,236	28,942	144,714
Employee benefits	138,452	11,867	47,470	197,789	134,229	35,794	8,949	178,972
Medical supplies	650,695	-	-	650,695	480,192	-	-	480,192
Depreciation	310,859	26,645	106,577	444,081	288,335	19,222	76,890	384,447
Insurance	139,040	11,918	47,670	198,628	121,739	1,623	31,499	154,861
Fundraising events	-	146,180	-	146,180	-	144,879	-	144,879
Professional services	-	-	114,961	114,961	-	-	67,057	67,057
Cleaning	97,561	-	-	97,561	143,875	-	-	143,875
Utilities	64,412	5,521	22,084	92,017	56,087	3,739	14,957	74,783
Repairs and maintenance	49,998	4,286	17,142	71,426	33,217	2,214	8,858	44,289
Technology	31,743	2,721	10,883	45,347	26,573	1,772	7,085	35,430
Food	44,676	-	-	44,676	33,335	-	-	33,335
Office	25,757	2,208	8,830	36,795	47,582	3,172	12,688	63,442
Administrative fees	-	-	36,637	36,637	-	-	22,909	22,909
Credit losses	-	-	24,750	24,750	-	-	-	-
Telephone	-	-	19,956	19,956	-	-	16,775	16,775
Travel	13,927	1,194	4,774	19,895	17,656	1,177	4,708	23,541
Program - donated services	15,906	-	-	15,906	34,248	-	-	34,248
Rent	11,456	-	-	11,456	11,456	-	-	11,456
Car and truck	11,172	-	-	11,172	13,623	-	-	13,623
Printing and communications	6,325	542	2,168	9,035	6,183	412	1,649	8,244
Cost of merchandise sold	5,652	-	-	5,652	-	-	15,160	15,160
Interest	-	-	2,090	2,090	-	-	3,537	3,537
Advertising	-	1,619	-	1,619	-	5,042	-	5,042
Dues and subscriptions	-	-	872	872	-	-	733	733
Miscellaneous	-	-	4,272	4,272	-	-	28,722	28,722
Total expenses	$ 2,867,157	$ 321,803	$ 899,545	$ 4,088,505	$ 2,824,162	$ 310,768	$ 689,064	$ 3,823,994

The accompanying notes to financial statements
are an integral part of this statement.

COMPANION ANIMAL ALLIANCE

Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

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

Basis of presentation

The Alliance prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

The Alliance is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restrictions, which are described as follows:

> *Net assets without donor restrictions* – net assets that are not subject to donor-imposed stipulations and are available for use at the Alliance's discretion. Net assets without donor restrictions may be designated for specific purposes by the Alliance's governing authority.
>
> *Net assets with donor restrictions* – net assets subject to donor-imposed stipulations that may or will be met by actions of the Alliance and/or the passage of time or include assets to be held in perpetuity with income earnings on the related investments to be used for general or specific purposes. When a restriction expires, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as nets assets released from restrictions. Additionally, net assets with donor restrictions include amounts to be held in perpetuity. These amounts consist of (a) the original value of gifts donated, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The statements of activities present expenses of the Alliance's operations functionally and by natural expense class. The Alliance's major functions include program expenses, fundraising, and general and administrative expenses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, disclosures 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. Estimates are used primarily when accounting for fair value of investments, depreciation, contributed rent receivable, in-kind revenues, and functional expense allocations.

Cash and cash equivalents

Cash, for purposes of the statement of cash flows, consists of cash on hand, demand deposit and savings accounts, and money market funds.

For the purposes of the statement of cash flows, the Alliance considers all highly liquid debt instruments or certificates of deposit purchased with maturities of three months or less to be cash equivalents. If such instruments have an original maturity date in excess of three months, such amounts are classified as investments on the statement of financial position.

The Alliance holds investments in the form of money market accounts. These investments are classified under cash and cash equivalents on the Alliance's financial statements due to the nature of the instruments. Net investment related income and fees are recognized by the Alliance during the year. Money market accounts presented as cash and cash equivalents were $826,723 and $793,093 at December 31, 2025 and 2024, respectively. Remaining cash balances, primarily consisting of demand deposit and savings accounts, totaled $1,124,584 and $812,269 at December 31, 2025 and 2024, respectively.

Revenue recognition

Contributions are recorded as support with donor restriction or support without donor restriction and recognized when the donor makes an unconditional contribution to the Alliance.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expired in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (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 statements of activities. Contributions to certain endowment funds are restricted by the donor to be maintained in perpetuity and the related income earned is classified and expended according to the donor's stipulations.

Grants are recorded as support with or without donor restrictions, depending on the existence and/or nature of any restrictions. Grant revenue is recognized when the grantor makes a promise that is, in substance, unconditional. Grants that are conditional, including those with both (a) a barrier to be overcome and (b) a right of return or release, are not recognized as revenue until the conditions have been substantially met. Grants restricted by the grantor are reported as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions when the restrictions expire in accordance with the terms of the grant.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Fundraising revenues primarily consist of proceeds from special events, sponsorships, and related activities. Amounts received in advance of fundraising events are recorded as deferred revenue and recognized when the event takes place.

Revenues from exchange transactions primarily consist of fees related to application, adoption, other placement fees, program service fees, and merchandise sales. The Alliance recognizes revenue when the performance obligation is satisfied, which is at a specific point in time.

Investments and fair value measurements of financial instruments and disclosures

In accordance with Accounting Standards Codification Topic 820 (ASC 820), *Fair Value Measurements and Disclosure*, disclosure of fair value information about financial instruments is required. Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows.

Accordingly, the fair value estimates may not be realized in an immediate settlement of the instruments. Therefore, the aggregate fair value amounts presented do not necessarily represent the underlying value of the investment.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (this is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

ASC 820 establishes a framework for measuring fair value. That framework provides 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under ASC 820 are described as follows:

- Level 1 – Valuation is based on quoted prices in active markets for identical assets or liabilities that the Alliance has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and fair value measurements of financial instruments and disclosures (continued)

- Level 2 – Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management, judgment, or estimation.

The Alliance has provided fair value disclosure information for relevant assets and liabilities in the financial statements. For applicable assets (liabilities) subject to this pronouncement, the Alliance will value such assets (liabilities) using quoted market prices in active markets for identical assets (liabilities) to the extent possible (Level 1). To the extent that such market prices are not available, the Alliance will next attempt to value such assets (liabilities) using observable measurement criteria, including quoted market prices of similar asset (liabilities) in active and inactive markets and other corroborated factors (Level 2). In the event that these inputs are not available, the Alliance will use cost basis, which is considered the best information available (Level 3). As of December 31, 2025 and 2024, the Alliance had no Level 3 investments.

Investments – Valued at the net asset value (NAV) of shares held by the Alliance at year end held and managed by a community foundation. The Alliance has an ownership interest in the investment pool, which is valued on a monthly basis based on the net asset value per share. These investments valued using net asset value per share as a practical expedient are not classified within the fair value hierarchy. There are no unfunded commitments or limitations in which the Alliance may redeem its shares.

Accounts receivable and allowance for credit losses

The Alliance does not ordinarily incur transactions that would generate accounts receivable as the nature of the Alliance's transactions for exchange-like services are paid and received at the point in time the transactions occur. At each balance sheet date, the Alliance recognizes an expected allowance for credit losses. In addition, at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. There were no allowances recorded as of December 31, 2025 and 2024.

Accounts receivable at January 1, 2025 were $177,522. There were no accounts receivable at January 1, 2024.

(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts receivable and allowance for credit losses

The activity for the allowance for credit losses for the years ended December 31, 2025 and 2024 is as follows:

	2025	2024
Beginning balance	$ -	$ -
Provision for credit losses	24,750	-
Write-offs	(24,750)	-
Ending balance	$ -	$ -

Prepaid expenses

Prepaid expenses consist primarily of payments made in advance for insurance coverage, software subscriptions, and event-related deposits and services. These amounts are recorded as prepaid expenses when paid and are amortized to expense over the periods benefited as services are consumed.

Inventory

The Alliance's inventory, consisting of retail pet supplies, is stated at lower of cost or net realizable value. No allowance has been recorded for obsolete inventory at December 31, 2025 and 2024.

Property and equipment

Property and equipment are recorded at cost, and depreciation is recorded using the straight-line method over the estimated useful life of the asset, less estimated salvage value. The cost of capital assets sold or otherwise disposed of, and the accumulated depreciation thereon are eliminated from the capital assets and related accumulated depreciation accounts, and any gain or loss is reflected in the statements of activities.

Expenditures for maintenance, repairs, and minor renewals are expensed as incurred.

Leases

The Alliance determines if an arrangement contains a lease at inception. Leases are then classified as either operating or finance leases depending on the characteristics of the lease. Right-of-use (ROU) assets represent the Alliance's right to control the use of a specified asset for the lease term, and lease liabilities represent the Alliance's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments; the Alliance uses the risk-free discount rate when the discount rate is not implicit in the lease. The lease term is the non-cancellable period of the lease, including any options to extend, purchase, or terminate the lease depending on whether the Alliance is reasonably certain to exercise those options.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The costs associated with operating leases are recognized on a straight-line basis over the period of the leases. Finance leases ROU assets are amortized on a straight-line basis over the shorter of the estimated useful lives or the lease terms, and interest expense incurred on the lease liabilities is included in interest expense. If the lease transfers ownership to the Alliance or the Alliance is reasonably certain to exercise the option to purchase the underlying asset, the ROU asset is amortized to the end of the useful life of the underlying asset. Assumptions made by the Alliance at the commencement date are re-evaluated upon occurrence of certain events, including lease modifications when that modification is not accounted for as a separate contract.

The Alliance does not recognize ROU assets and lease liabilities on short-term leases but recognize lease expense for these leases on a straight-line basis over the lease terms and any variable lease payments in the period in which the obligation for those payments are incurred.

The Alliance had no right-of-use assets or lease liabilities at December 31, 2025 and 2024.

Retirement plan

The Alliance sponsors a simple individual retirement account plan established under Section 403(b) of the Internal Revenue Code. Under the provisions of the plan, employees may elect to defer a maximum of $7,500 and $7,000 during 2025 and 2024. Their salary deferrals and the related earnings are 100% vested and non-forfeitable. The Alliance may make a discretionary matching contribution up to 2% of the elective deferrals. If the Alliance decides in any year to contribute a discretionary match, it will decide how much to contribute and the matching rate which will apply to the elective deferrals. These contributions are also 100% vested. Employer contributions were $25,364 and $22,785 for 2025 and 2024, respectively.

Compensated absences

Full-time employees accrue paid time off (PTO) during the year based on the length of time each employee has been employed by the Alliance. Full-time employees with the Alliance less than five years earn a total of 120 hours during the year with a maximum accrual of 15 days. Once employment exceeds five years, the accrual increases to 160 hours each year with a maximum of 20 days. Employees are allowed to carry-forward all unused PTO each year. Upon termination, accrued and unused PTO is paid to the employee at their regular base hourly rate.

Advertising

The Alliance expenses advertising costs as incurred. The Alliance incurred $1,619 and $5,042 of advertising costs in 2025 and 2024, respectively.

(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional expenses

The financial statements report certain expense categories that are attributable to more than one service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including salaries, payroll taxes, employee benefits, depreciation, insurance, office expenses, printing and communications, repairs and maintenance, technology, utilities, and travel expenses are allocated based on level of effort.

Contributed items and services

Donated services and use of facilities are recorded at estimated fair value on the date of donation. The Alliance received in-kind contributions during 2025 and 2024 related to accounting services, silent auction items, and use of facilities in the form of contributed rent. See Note 4.

Tax-exempt status and income taxes

The Alliance is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the financial statements. The Alliance follows the guidance of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management believes it has no material uncertain tax positions and, accordingly, has not recognized a liability related to income taxes. The Alliance's open audit periods are 2023 through 2025.

Fair value measurements

The carrying value of receivables, accounts payable, accrued expenses, and insurance notes payable approximate fair market value due to the short-term maturity of these instruments. The carrying value of short-term debt approximates fair value based on the current rates offered for debt of comparable maturities and collateral requirements. These financial instruments are not held for trading purposes.

Subsequent events

In preparing these financial statements, the Alliance has evaluated events and transactions for potential recognition or disclosure through June 30, 2026, which was the date the financial statements were available to be issued.

NOTE 2 - INVESTMENTS

The investment in BRAF is reported at net asset value per share of $268,912 and at a cost basis of $260,305 at December 31, 2025.

NOTE 2 – INVESTMENTS (CONTINUED)

Investment income for the year ended December 31, 2025 is as follows:

	Amount
Interest	$ 5,231
Unrealized gains	8,607
Fees	(726)
	$ 13,112

In accordance with Alliance policies, money market investments are presented within cash and cash equivalents. Interest earned on money market investments was $37,412 and $62,352 for the years ended December 31, 2025 and December 31, 2024, respectively.

NOTE 3 - ENDOWMENT

The endowment assets had activity during 2025 as follows:

	With Donor Restrictions
Endowment net assets, beginning of year	$ -
Contributions	255,800
Endowment net assets, end of year	$ 255,800

The portion of the endowment fund that is not classified as net assets with donor restriction is unendowed until those amounts are appropriated for expenditure by the Alliance.

"Underwater" Endowments

From time to time, the fair value of assets associated with donor restricted endowment funds may fall below the level that donors require the Alliance to retain as a fund of perpetual duration. Deficiencies of this nature sometimes occur due to market volatility.

Return objectives

The long-term investment objective is to maintain the purchasing power over the long-term while meeting current obligations. In addition, the investment program is expected to exceed a composite benchmark index comprised of market indices weighted in proportion to an asset allocation policy. Adequate liquidity shall be maintained to provide annual distributions of operating expenses.

To satisfy the long-term rate-of-return objectives, the Alliance relies on a total return strategy in which investment returns are achieved through market appreciation (realized and unrealized), and interest and dividends. The Alliance targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

NOTE 3 - ENDOWMENT (CONTINUED)

Return objectives (continued)

The Alliance follows the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). UPMIFA was adopted by the State of Louisiana and updates the fundamental investment principles by providing standards to establish investment policies in a prudent manner by establishing a duty to minimize cost, diversify investments, investigate facts relevant to investments of funds, consider tax consequences of investment decisions, and to ensure that investment decisions be made in consideration of the fund's entire portfolio as a part of an investment strategy having risk and return objectives reasonably suited to the fund and to the Alliance.

UPMIFA permits the Alliance to accumulate an amount of an endowment fund that the Alliance determines to be prudent for the uses, benefits, purposes and duration for which the endowment fund is established, thereby eliminating the restriction that a fund could not be spent below its historical dollar value.

In accordance with UPMIFA, the Alliance considers the following factors in making a determination to appropriate or accumulate donor restricted funds: duration and preservation of the endowment funds, purposes of the Alliance and the related endowment funds, general economic conditions, effect of inflation or deflation, expected return from income and the appreciation of investments, other resources of the Alliance, and the investment policy of the Alliance.

The Alliance has adopted a discretionary spending policy to be applied to its endowment funds, which is within prudent limits as outlined in UPMIFA. The Board can determine each year how much in earnings accumulation to distribute from the original gifts to its designated endowments to utilize for its current operating purposes. This policy enables the Alliance to preserve the corpus and strengthen its endowment for the future.

(continued)

NOTE 4 - CONTRIBUTED RENT RECEIVABLE

In 2016, the Alliance entered a leasing agreement with Louisiana State University (the University) for usage of land on the University's campus. The annual rent of $12,000 is considered a donation to the Alliance. The rent expense is presented in the statements of functional expenses.

As of January 1, 2022, a land lease receivable equal to the present value of annual rental payments (assuming a discount rate of 4.75% at the inception of the lease) was recorded by the Alliance. The annual rental of $12,000 was recorded, net of the amortized discount, resulting in a net land rental of $11,456 for the years ending December 31, 2025 and 2024.

(continued)

NOTE 4 - CONTRIBUTED RENT RECEIVABLE (CONTINUED)

Rent expense expected to be recorded in future years, in accordance with the lease agreement, is as follows:

Year ending December 31,	Lease Amount	Discount Amortization	Net Expense
2026	$ 12,000	$ 544	$ 11,456
2027	12,000	544	11,456
2028	12,000	544	11,456
2029	12,000	544	11,456
2030	12,000	544	11,456
Thereafter	432,000	19,591	412,409
Total	$ 492,000	$ 22,311	$ 469,689

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment, and related service lives at December 31, 2025 and 2024 were as follows:

Description	Service Life	2025	2024
Building	10 - 40 years	$ 9,493,413	$ 9,450,923
Vehicles	3 - 5 years	656,928	647,576
Equipment and furniture	3 - 10 years	761,556	742,139
		10,911,897	10,840,638
Less: accumulated depreciation		(2,455,352)	(2,011,271)
Property and equipment, net		$ 8,456,545	$ 8,829,367

Depreciation expense was $444,081 and $384,447 for 2025 and 2024, respectively.

NOTE 6 - PREPAID EXPENSES

Prepaid expenses during the years 2025 and 2024 are as follows:

Description	2025	2024
Insurance	$ 123,082	$ 124,936
Event deposits	8,598	7,000
Software subscriptions	7,256	5,870
Total	$ 138,936	$ 137,806

NOTE 7 - NET ASSETS

The Alliance's net assets with donor restrictions as of December 31, 2025 and 2024 is as follows:

With donor restrictions:	2025	2024
Purpose restricted:		
Restricted fund - general expenses	$ 327,186	$ 117,582
Spend down portion on endowment	38,692	-
Pets for life fund	131,989	150,208
Sick and injured fund	139,290	102,082
Total purpose restricted	637,157	369,872
Time restricted:		
Contribution receivable - rent	469,689	481,145
Permanently restricted:		
Held in perpetuity - endowment	230,220	-
Total with donor restrictions	$ 1,337,066	$ 851,017

Net assets released from restrictions during 2025 and 2024 were as follows:

Released from restrictions:	2025	2024
Satisfaction of donor stipulations:		
Restricted fund - general expenses	$ 138,398	$ 1,018,678
Pets for life fund	118,271	164,565
Sick and injured fund	19,843	4,646
Total releases from donor stipulations	276,512	1,187,889
Passage of time:		
Rent	11,456	11,456
Total released from restrictions	$ 287,968	$ 1,199,345

(continued)

NOTE 8 - IN-KIND DONATIONS

In-kind donations recognized by the Alliance during the years 2025 and 2024 are as follows:

Description	2025	2024
Event supplies and services	$ 29,200	$ -
Live auction donations	23,250	-
Silent auction donations	14,211	23,477
Accounting services	5,000	5,000
Total	$ 71,661	$ 28,477

All in-kind donations received and recognized during 2025 and 2024 were used in their entirety and there is no benefit remaining as of year-end.

NOTE 9 - DEFERRED REVENUE

During 2024, a sponsor of the Alliance's annual fundraising event made a $100,000 sponsorship payment, which is to be used for the annual fundraiser each year from 2024 through 2026. Therefore, $33,333 of the payment was recognized as revenue during both 2024 and 2025, with the remaining $33,334 and $66,667 deferred as of December 31, 2025 and 2024, respectively. The remaining deferred revenue balance of $33,710 and $10,500 as of December 31, 2025 and 2024, respectively, relates to contributions received for future fundraising events.

NOTE 10 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Alliance's working capital and cash flows have seasonal variations during the year attributable to annual cash receipts from adoptions and quarterly installment of operating grant deposits from the City-Parish of East Baton Rouge, Louisiana.

The Alliance's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Financial assets:	2025	2024
Cash and cash equivalents	$ 1,951,307	$ 1,605,362
Accounts receivable	-	177,522
Less: net assets with donor-purpose restrictions	(637,157)	(369,872)
Financial assets available within one year, at year-end	$ 1,314,150	$ 1,413,012

As part of the Alliance's liquidity management, it maintains cash balances to meet daily operating needs while investing excess cash in short-term, highly liquid investments, such as money market accounts.

NOTE 11 - CONCENTRATIONS OF CREDIT RISK

The Alliance typically maintains cash and cash equivalents, and temporary investments in local banks that may, at times, exceed the Federal Deposit Insurance Corporation (FDIC) limits. Management believes this risk is limited. At December 31, 2025 and 2024, the Alliance was exposed to $634,170 and $1,151,515, respectively in custodial credit risk, which represents amounts held in money market accounts that are in excess of FDIC coverage.

NOTE 12 - SHORT-TERM BORROWING

In 2025, the Alliance entered into two short-term financing arrangements with a third-party to fund a portion of its annual insurance premiums. The total premiums financed were $102,240 and $27,730, respectively, at an interest rate of 10.25% and 11.90%, respectively. The agreements require 10 monthly installments of principal and interest for each agreement, maturing in June and September of 2026, respectively. As of December 31, 2025, the outstanding balances were $61,489 and $24,803, respectively, which are presented in the statements of financial position as insurance notes payable.

In 2024, the Alliance entered into a short-term financing arrangement with a third-party to fund a portion of its annual insurance premiums. The total premium financed was $139,052, at an interest rate of 11.85%. The agreement requires 9 monthly installments of principal and interest, maturing in May 2025. As of December 31, 2024, the outstanding balance was $92,338 which is presented in the balance sheet as insurance notes payable.

NOTE 13 - PRIOR PERIOD ADJUSTMENT

During 2025, adjustments were made to properly state prepaid expenses and insurance notes payable for the year ended December 31, 2024. The effects of these restatements are as follows:

	Amount
Net assets at December 31, 2024, as previously reported	$ 10,886,306
Effect of restatements on net assets:	
Increase in prepaid expenses	99,466
Increase in insurance notes payable	(92,338)
Total net assets at December 31, 2024, restated	$ 10,893,434

SUPPLEMENTARY INFORMATION

COMPANION ANIMAL ALLIANCE

Baton Rouge, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD

For the year ended December 31, 2025

Agency Head: JT Hackett, Executive Director

Purpose	2025
Salary	$ 111,500
Benefits - insurance	4,282
Benefits - retirement	3,345
	$ 119,127

Faulk&Winkler

INDEPENDENT AUDITORS' 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, the *Louisiana Governmental Audit Guide,* 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** (a nonprofit organization) (the Alliance), which comprise the statement of financial position as of December 31, 2025, 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 June 30, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Alliance's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Alliance's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2025-001 and 2025-002 that we consider to be material weaknesses.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Alliance's financial statements are free from 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 financial statements. 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*.

The Alliance's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Alliance's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Alliance's response was not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the response.

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 Alliance'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 Alliance's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information of the Board of Directors, management, state and federal granting agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
June 30, 2026

COMPANION ANIMAL ALLIANCE

Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND RESPONSES

For the years ended December 31, 2025 and 2024

1) Summary of Auditors' Results:

A) The type of report issued on the financial statements: **Unmodified opinion.**

B) Material weaknesses in internal control were disclosed by the audit of financial statements: **2025-001 and 2025-002.**

Significant deficiencies in internal control were disclosed by the audit of financial statements: **None reported.**

C) Noncompliance that is material to the financial statements: **None.**

2) Findings relating to the financial statements reported in accordance with Government Auditing Standards: **None.**

SCHEDULE OF FINDINGS AND RESPONSES

For the year ended December 31, 2025

4) FINDINGS - FINANCIAL STATEMENT AUDIT AND INTERNAL CONTROL

2025-001 Accounting for Insurance Financing and Prepaid Insurance

Condition: During the audit, we identified that the Alliance enters into insurance premium financing arrangements to finance certain insurance policies. However, these arrangements were not properly recorded in accordance with generally accepted accounting principles (GAAP).

Criteria: GAAP requires that insurance premium financing arrangements be properly accounted for, including (1) recording prepaid insurance assets for financed policies, (2) recognizing the related financing liability, and (3) recognizing insurance expense and interest expense over the appropriate periods using a systematic allocation method.

Effect: As a result of not properly accounting for these arrangements, prepaid insurance balances related to financed policies were understated by $94,741, insurance notes payable were understated by $86,292, interest expense was understated by $2,090, and insurance expense was overstated by $21,080. Unrecorded prepaid expenses and insurance notes payable were identified for both the years ended December 31, 2025 and 2024.

Cause: The Alliance did not properly account for insurance notes payable and prepaid expenses in accordance with GAAP.

Recommendation: We recommend that management implement procedures to properly evaluate and record insurance notes payable and prepaid expenses in accordance with GAAP. This should include (1) recording the full prepaid insurance asset for all policies financed, (2) recognizing the related insurance financing liability, and (3) appropriately recognizing insurance expense and interest expense over the relevant periods. Additionally, maintaining a supporting amortization schedule will help ensure accurate and consistent accounting treatment in accordance with GAAP.

Management response: Management concurs with the recommendation and plans to implement procedures to properly record insurance notes payable, including the use of supporting schedules to track prepaid expenses, insurance notes payable, and related expenses.

4) FINDINGS - FINANCIAL STATEMENT AUDIT AND INTERNAL CONTROL (CONTINUED)

2025-002 Accounting for investments

Condition: The Alliance received a contributed endowment. However, this investment was not recorded in the financial statements in accordance with generally accepted accounting principles (GAAP).

Criteria: GAAP requires that contributed investments be recorded at fair value at the date of contribution, with appropriate classification between net assets with donor restriction and net assets without donor restriction. Additionally, changes in fair value and related investment income should be recognized in the appropriate period based on information provided by external custodians or investment statements.

Effect: As a result of not properly accounting for the contributed investment, investments were understated by $268,912 and restricted contributions were understated by $268,912 for the year ended December 31, 2025, resulting in misstatements in the financial statements.

Cause: The Alliance did not properly account for investments, restricted contributions, net assets with donor restrictions, and investment income in accordance with GAAP.

Recommendation: We recommend that management implement procedures to properly recognize and record contributed investments and related restricted and unrestricted contributions, as well as related investment activity, in accordance with GAAP. This should include (1) recording contributed investments at fair value at the date of contribution, with appropriate classification between restricted and unrestricted net assets, and (2) recording changes in fair value and investment income based on statements received from external parties.

Management response: Management concurs with the recommendation and plans to implement procedures to properly record investments in accordance with GAAP.

COMPANION ANIMAL ALLIANCE

Baton Rouge, Louisiana

SUMMARY OF PRIOR YEAR FINDINGS AND RESPONSES

For the year ended December 31, 2025

2024-001 - Adoption of a Comprehensive Policies and Procedures Handbook

This matter has been resolved.

2024-002 - Internal Control over Inventory and Related Reconciliations

This matter has been resolved.

Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures

COMPANION ANIMAL ALLIANCE

Baton Rouge, Louisiana

For the fiscal period January 1, 2025 through December 31, 2025

Faulk&Winkler

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Companion Animal Alliance and
the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2025 through December 31, 2025. **COMPANION ANIMAL ALLIANCE's** (the Alliance's) management is responsible for those C/C areas identified in the SAUPs.

The Alliance has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2025 through December 31, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1. Written Policies and Procedures:

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

   i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

   ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

   iii. ***Disbursements***, including processing, reviewing, and approving.

   iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

ix. ***Ethics,*** including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

x. ***Debt Service,*** including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

xi. ***Information Technology Disaster Recovery/Business Continuity,*** including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

xii. ***Prevention of Sexual Harassment,*** including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

2. Board or Finance Committee:

A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

3. Bank Reconciliations:

A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Only three bank accounts were tested, as these represented all accounts maintained by the Alliance during the period.

i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

4. Collections (excluding electronic funds transfers):

A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

i. Employees responsible for cash collections do not share cash drawers/registers;

ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and

Only four deposits were tested, as deposit activity during the month tested was limited to two of the Alliance's bank accounts.

i. Observe that receipts are sequentially pre-numbered.

ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

iii. Trace the deposit slip total to the actual deposit per the bank statement.

iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

v. Trace the actual deposit per the bank statement to the general ledger.

5. Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases):

A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

   i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

   ii. At least two employees are involved in processing and approving payments to vendors;

   iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

   iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

   v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

   [Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

   i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

   ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

6. Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards):

A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and:

   i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., itemized receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

   ii. Observe that finance charges and late fees were not assessed on the selected statements.

C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Five credit cards were selected for testing; however, the number of transactions during the month tested were fewer than ten per card (eight, nine, three, five, and five transactions, respectively), and all available transactions were tested.

D. Using the list of terminated employees obtained in Payroll and Personnel procedure #9C identify those individuals who had access to cards and randomly select 5 terminated employees (or all terminated employees with card access if less than 5) from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees' authorization has been removed.

7. Travel and Travel-Related Expense Reimbursements (excluding card transactions):

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

   i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana (doa.la.gov/doa/ost/ppm-49-travel-guide/) or the U.S. General Services Administration (www.gsa.gov);

   ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

   iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

   iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

8. Contracts:

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, <u>excluding the practitioner's contract</u>, and

   i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

   ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

   iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

   iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

9. Payroll and Personnel:

A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

   i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

   ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

   iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

   iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

10. Ethics

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and

   i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

   ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

11. Debt Service

A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

12. Fraud Notice

A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

13. Information Technology Disaster Recovery/Business Continuity:

Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

A. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

B. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

C. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

14. Prevention of Sexual Harassment

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

i. Number and percentage of public servants in the agency who have completed the training requirements;

ii. Number of sexual harassment complaints received by the agency;

iii. Number of complaints which resulted in a finding that sexual harassment occurred;

iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

v. Amount of time it took to resolve each complaint.

COMPANION ANIMAL ALLIANCE
Baton Rouge, Louisiana

SCHEDULE OF ASSOCIATED FINDINGS

For the fiscal period January 1, 2025 through December 31, 2025

Associated findings:

No associated findings were found as a result of applying the procedures listed above, except as follows:

1. *Written Policies and Procedures:*

A The Alliance does not have policies relating to receipts/collections, purchasing and credit cards that cover all required topics.

2. Board Committee or Finance:

(iv) There was no evidence of written updates of the progress of resolving prior year audit findings.

3. *Bank Reconciliations:*

(ii) The three bank reconciliations observed did not include notation of a member of management or a board member who does not handle cash, post ledgers, or issue checks reviewing each bank reconciliation.

4. *Collections:*

B (i) (ii) (iii) (iv) The Alliance lacks written policies and procedures outlining segregation of duties relating for cash drawer management, preparing deposits and reconciliation to collections, posting collections to the general ledger, and collecting cash.

D (i) (ii) Of the four deposits tested, two did not contain sequentially pre-numbered receipts and two of the four could be traced to deposits slips.

5. *Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases):*

C (ii) All five disbursements observed lacked evidence of segregation of duties.

6. *Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (cards):*

B (i) None of the cards observed had supporting documentation noting review and approval of statements in writing.

C (2) Of the thirty charges selected occurring during the month selected, twenty-three transactions did not contain written documentation of the related business purpose.

9. *Payroll and Personnel*

B (iv) The Alliance does not keep a record of an authorized salary or pay rate within personnel file.

The following procedures were not applicable to the Alliance: Ethics, Debt Service, Prevention of Sexual Harassment, and Information Technology Disaster Recovery/Business Continuity.

Management's Response:

Management of the Association concurs with the exceptions identified are in the process of addressing these matters.

We were engaged by the Alliance to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Alliance and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
June 30, 2026