



**CITIZENS FOR ANIMAL PROTECTION, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2022**

**AND**

**REPORT THEREON**

**REPORTS REQUIRED IN ACCORDANCE WITH THE  
UNIFORM GUIDANCE**

**FOR THE YEAR ENDED JUNE 30, 2022**

# CITIZENS FOR ANIMAL PROTECTION, INC.

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
**Citizens for Animal Protection, Inc.**

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

#### ***Opinion***

We have audited the financial statements of Citizens for Animal Protection, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Citizens for Animal Protection, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***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 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 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 Organization's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2023, on our consideration of the Organization'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 solely 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 the effectiveness of the Organization's 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 Organization's internal control over financial reporting and compliance.

*Marcum LLP*

Washington, DC  
October 20, 2023

# CITIZENS FOR ANIMAL PROTECTION, INC.

## STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

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### Assets

Cash and cash equivalents	\$ 150,501
Investments	4,889,955
Contracts receivable and other	10,358
Inventory	23,100
Prepaid expenses	52,687
Property and equipment, net	<u>6,275,179</u>

**Total Assets** \$ 11,401,780

### Liabilities and Net Assets

#### Liabilities

Accounts payable and accrued expenses	\$ 100,729
Contract liabilities	16,575
Note payable	<u>1,997,424</u>

**Total Liabilities** 2,114,728

#### Net Assets

Without donor restrictions	7,775,345
With donor restrictions	<u>1,511,707</u>

**Total Net Assets** 9,287,052

**Total Liabilities and Net Assets** \$ 11,401,780

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

# CITIZENS FOR ANIMAL PROTECTION, INC.

## STATEMENT OF ACTIVITIES

**FOR THE YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
Contributions	\$ 1,794,572	\$ 79,968	\$ 1,874,540
Special events	735,595	--	735,595
Program fees	949,726	--	949,726
In-kind donations	391,108	--	391,108
Bequests	126,786	--	126,786
Other income	17,456	--	17,456
Investment losses, net	(63,184)	(151,128)	(214,312)
Net assets released from restrictions:			
Satisfaction of program restrictions	17,687	(17,687)	--
<b>Total Revenue and Support</b>	<u>3,969,746</u>	<u>(88,847)</u>	<u>3,880,899</u>
<b>Expenses</b>			
Program Services:			
Animal care/shelter	2,633,791	--	2,633,791
Clinic	357,787	--	357,787
<b>Total Program Services</b>	<u>2,991,578</u>	<u>--</u>	<u>2,991,578</u>
Supporting Services:			
Management and general	539,898	--	539,898
Fundraising	527,550	--	527,550
<b>Total Supporting Services</b>	<u>1,067,448</u>	<u>--</u>	<u>1,067,448</u>
<b>Total Expenses</b>	<u>4,059,026</u>	<u>--</u>	<u>4,059,026</u>
<b>Change in Net Assets</b>	(89,280)	(88,847)	(178,127)
<b>Net Assets, Beginning of Year</b>	<u>7,864,625</u>	<u>1,600,554</u>	<u>9,465,179</u>
<b>Net Assets, End of Year</b>	<u>\$ 7,775,345</u>	<u>\$ 1,511,707</u>	<u>\$ 9,287,052</u>

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

# CITIZENS FOR ANIMAL PROTECTION, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

**FOR THE YEAR ENDED JUNE 30, 2022**

	Program Services			Supporting Services		
	Animal Care/ Shelter	Clinic	Total Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 1,498,013	\$ 147,394	\$ 1,645,407	\$ 372,095	\$ 129,131	\$ 2,146,633
Consulting and professional fees	115,878	16,230	132,108	30,849	265,649	428,606
Veterinary medicine and supplies	183,965	135,149	319,114	--	425	319,539
Depreciation	223,743	13,177	236,920	16,942	15,059	268,921
Benefits and taxes	173,425	15,981	189,406	62,560	13,525	265,491
Supplies	212,177	2,207	214,384	1,983	33,870	250,237
Utilities	69,886	4,125	74,011	4,962	4,717	83,690
Maintenance and repairs	56,733	3,137	59,870	4,033	3,585	67,488
Insurance	45,818	3,613	49,431	8,608	3,025	61,064
Bank and merchant fees	13,165	10,635	23,800	4,130	18,309	46,239
Interest	--	--	--	23,924	--	23,924
Printing	2,785	164	2,949	419	20,544	23,912
Equipment rental	13,138	1,676	14,814	2,562	2,656	20,032
Dues and subscriptions	6,794	2,780	9,574	796	3,571	13,941
Postage	8	--	8	607	9,169	9,784
Security	7,215	425	7,640	546	486	8,672
Vehicle expense	5,418	60	5,478	744	655	6,877
Miscellaneous	3,169	484	3,653	125	1,581	5,359
Taxes and licenses	373	175	548	3,857	25	4,430
Meetings	2,088	375	2,463	145	204	2,812
Advertising	--	--	--	11	1,364	1,375
<b>Total</b>	<b>\$ 2,633,791</b>	<b>\$ 357,787</b>	<b>\$ 2,991,578</b>	<b>\$ 539,898</b>	<b>\$ 527,550</b>	<b>\$ 4,059,026</b>

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

# CITIZENS FOR ANIMAL PROTECTION, INC.

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022

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### Cash Flows From Operating Activities

Change in net assets	\$ (178,127)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	268,921
Net realized and unrealized losses on investments	214,310
Changes in assets and liabilities:	
Contracts receivable and other	238,366
Inventory	6,452
Prepaid expenses	13,981
Accounts payable and accrued expenses	1,515
Contract liabilities	3,525

**Net Cash Provided By Operating Activities** 568,943

### Cash Flows From Investing Activities

Purchases of investments	(2,053,881)
Proceeds from sales of investments	489,458
Purchases of property and equipment	<u>(210,841)</u>

**Net Cash Used In Investing Activities** (1,775,264)

### Cash Flows from Financing Activities

Loan proceeds	1,850,000
Repayments on note payable	<u>(668,688)</u>

**Net Cash Provided By Financing Activities** 1,181,312

**Net Decrease in Cash and Cash Equivalents** (25,009)

**Cash and Cash Equivalents, Beginning of Year** 228,611

**Cash and Cash Equivalents, End of Year** \$ 203,602

### Cash Reported on the Statement of Financial Position

Cash and cash equivalents	150,501
Cash and cash equivalents within investments	<u>53,101</u>

**Total Cash and Cash Equivalents** \$ 203,602

### Supplemental Disclosures of Cash Flow Information

Cash paid for interest	<u><u>\$ 23,924</u></u>
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*The accompanying notes are an integral part of these financial statements.*

# **CITIZENS FOR ANIMAL PROTECTION, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2022**

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### **NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***ORGANIZATION***

Citizens for Animal Protection, Inc. (the Organization), a Texas non-profit community service organization, was incorporated on January 9, 1973. The Organization's purpose is to provide shelter for homeless animals, place animals into responsible loving homes, control pet overpopulation through spay/neuter programs, educate people of all ages about responsible pet care, reunite lost pets with their owners, provide low-cost wellness services to the public, and serve as advocates for all animals.

#### ***BASIS OF ACCOUNTING***

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenue is recognized when earned, and expenses are recognized when the obligations are incurred.

#### ***CASH AND CASH EQUIVALENTS***

Cash and cash equivalents include demand deposits and money market accounts. The Organization considers all highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents.

#### ***INVESTMENTS***

Investments are comprised of exchange traded funds and mutual funds recorded at fair value, certificates of deposit and money funds. Fair value is the price that would be received to sell an asset or paid to transfer a liability in a transaction between market participants at the measurement date. Investment gains or losses (including realized and unrealized gains and losses) are included in the statement of activities as increases and decreases in unrestricted net assets unless the income is restricted by the donor or law.

#### ***PROPERTY AND EQUIPMENT AND RELATED DEPRECIATION***

Property and equipment are recorded at cost when purchased and at fair value at the date of the gift if donated, for individual items costing more than \$2,500 with an economic life of more than one year. Depreciation is computed on a straight-line basis over estimated useful lives as follows:

Facilities	25 – 30 years
Furniture and fixtures	3 – 10 years
Equipment	5 – 10 years
Automobiles	10 years
Computers	5 years

# CITIZENS FOR ANIMAL PROTECTION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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### NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***PROPERTY AND EQUIPMENT AND RELATED DEPRECIATION (CONTINUED)***

The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation, and any gain or loss is reflected in the accompanying statement of activities.

#### ***IMPAIRMENT OF LONG-LIVED ASSETS***

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 360, *Property, Plant, and Equipment*, the Organization reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. There have been no impairment losses recognized for the year ended June 30, 2022.

#### ***NET ASSETS***

The Organization's financial statements are prepared in accordance with FASB ASC Topic 958-205, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC Topic 958-205, the Organization is required to report its net assets according to two classes:

**Net assets without donor restrictions** – Net assets without donor restrictions represent the portion of expendable funds that are available for any purpose in performing the primary objectives of the Organization at the discretion of the Organization's management and the Board of Directors (the Board). From time to time, the Board designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

**Net assets with donor restrictions** – Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for a specific period of time. These donor restrictions can be temporary in nature in that they will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

#### ***REVENUE RECOGNITION***

Unconditional contributions are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions, including inherent time restrictions. Unconditional contributions are considered to be available for use unless specifically restricted by the donor. Unconditional contributions that are restricted as to time or purpose are reported as an increase in net assets with donor restrictions. When a time

# **CITIZENS FOR ANIMAL PROTECTION, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2022**

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### **NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### ***REVENUE RECOGNITION (CONTINUED)***

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 with donor restrictions for which the restriction is met in the same reporting period in which the contribution is received are recorded as without restriction. Conditional promises to give are not included as revenue and support until such time as the conditions are substantially met.

Special events revenue consists of annual gala ball, CFC federal campaign, auctions and event tickets and is recognized at the date of the event.

Program fees consist of adoption and intake fees, sales of medications, education, wellness programs and pharmacy sales. Adoption fees are recognized on the date of adoption. Intake fees are recognized on the date of intake. Sales are recognized on the date of the sale, procedure or evaluation. Education fees are recognized on the date of the event. Wellness programs are recognized on the date of the visit. Pharmacy sales are recognized at the point of the sale.

#### ***DONATED GOODS AND SERVICES***

Volunteers, business firms and others contribute substantial amounts of materials and services toward the fulfillment of projects initiated by the Organization. To the extent that contributions of materials are made under the control of the Organization, are objectively measured, and represent program or support expenditures which would otherwise be incurred by the Organization personnel, they are reflected in in-kind donations and program expenses in the accompanying financial statements. Donated materials and equipment are reflected as contributions at their estimated values at the date of receipt.

#### ***FUNCTIONAL ALLOCATION OF EXPENSES***

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Expenses directly attributed to a specific functional area of the Organization are reported as expenses of those functional areas. Salaries are allocated to programs and supporting services based on employee's timesheets. Fringe benefits and shared costs (such as postage, supplies, telephone, and utility) that benefit multiple functional areas have been allocated among the various functional areas based on actual time and effort expended on those functional areas. Other organizational expenses are allocated using square footage.

# CITIZENS FOR ANIMAL PROTECTION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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### NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *FUNCTIONAL ALLOCATION OF EXPENSES (CONTINUED)*

Major program descriptions are as follows:

Animal Care/Shelter: Represents animal drop-off, medical evaluation and initial care. The shelter in Houston provides a temporary home for the animals needing care and new homes. They are fed, groomed, walked, vaccinated, and provided medical care during their stay.

Clinic: Represents an additional building to the animal shelter created to provide immediate service to the animals dropped off at the shelter and to administer care needed to present the animals for adoption. This includes spay/neuter and urgent surgeries, treatment for conditions, and further diagnostics. The clinic low-cost wellness program provides vaccination services to the public as well as preventative medicine and blood work.

#### *ESTIMATES*

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

#### *ACCOUNTING PRONOUNCEMENTS ADOPTED*

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The Organization adopted ASU 2014-09 and related amendments using the modified retrospective method. The adoption of the standard did not impact the Organization's results of operations or change in net assets.

In November 2016, FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The Organization adopted the standard retrospectively. The adoption of the standard did not impact the Organization's financial statement presentation.

# CITIZENS FOR ANIMAL PROTECTION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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### NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *ACCOUNTING PRONOUNCEMENTS ADOPTED (CONTINUED)*

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments require all entities, both donors and recipients, to evaluate whether the resource provider is receiving commensurate value in a transfer of assets transaction and whether contributions are conditional or unconditional. The adoption resulted in no impact to the financial statements.

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires separate line items for contributed nonfinancial assets on the statement of activities and a disaggregation in the notes by type if there are many different kinds of nonfinancial assets that are received. The guidance also requires qualitative information about whether gifts-in-kind were either monetized or held and used, policy requirements for monetizing gifts-in-kind rather than utilizing them, descriptions of donor-imposed restrictions, description of valuation techniques used to estimate fair value at initial recognition, and principal or most advantageous market used to arrive at a fair value only if the donor restricts the sale or use of the assets in that market. The Organization adopted ASU 2020-07 retrospectively on July 1, 2021. The adoption of the standard did not result in a material change to the financial statements.

#### *ACCOUNTING PRONOUNCEMENT NOT YET ADOPTED*

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires lessees to put most leases on their statement of financial position. ASU 2016-02 states that a lessee should recognize a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. The new standard is effective for the fiscal years beginning after December 15, 2021, and early adoption is permitted. Management is currently evaluating the impact this update will have on the Organization's financial statements.

### NOTE 2 – INVESTMENTS

Investments consisted of the following at June 30, 2022:

Exchange-traded funds	\$ 2,996,237
Certificates of deposits	1,402,713
Mutual funds	437,904
Money funds	<u>53,101</u>
<b>Total</b>	<b><u>\$ 4,889,955</u></b>

# CITIZENS FOR ANIMAL PROTECTION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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### NOTE 2 – INVESTMENTS (CONTINUED)

Investment losses are summarized as follows for the year ended June 30, 2022:

Interest and dividends	\$ 56,625
Unrealized losses	<u>(270,935)</u>
Total Investment Losses	(214,310)
Less: Investment Fees	<u>(2)</u>
<b>Investment Losses, Net</b>	<u><b>\$ (214,312)</b></u>

### NOTE 3 – FAIR VALUE MEASUREMENT

FASB ASC Topic 820, *Fair Value Measurement*, defines fair value and establishes a framework for measuring fair value for assets and liabilities that are measured at fair value on a recurring basis. In accordance with the accounting standards for fair value measurements for those assets and liabilities that are measured at fair value on a recurring basis, the Organization has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument. Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

*Level 2* – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

*Level 3* – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

# CITIZENS FOR ANIMAL PROTECTION, INC.

## NOTES TO FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2022**

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### NOTE 3 – FAIR VALUE MEASUREMENT (CONTINUED)

The following table summarizes the Organization’s financial assets that are measured at fair value on a recurring basis as of June 30, 2022:

	Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Exchange traded funds:				
Fixed income funds	\$ 2,996,237	\$ 2,996,327	\$ --	\$ --
Mutual funds:				
Fixed income funds	<u>437,904</u>	<u>437,904</u>	<u>--</u>	<u>--</u>
Total Investments in Fair Value Hierarchy	3,434,141	<u>\$ 3,434,141</u>	<u>\$ --</u>	<u>\$ --</u>
Certificates of deposit	1,402,713			
Money funds	<u>53,101</u>			
<b>Total Investments</b>	<u><u>\$ 4,889,955</u></u>			

### NOTE 4 – PROPERTY AND EQUIPMENT

The Organization’s property and equipment consisted of the following as of June 30, 2022:

Facilities	\$ 7,059,611
Furniture and fixtures	110,824
Equipment	99,410
Automobiles	23,172
Computers	<u>28,301</u>
	7,321,318
Less: Accumulated depreciation	<u>(2,691,139)</u>
	4,630,179
Land	<u>1,645,000</u>
<b>Property and Equipment, Net</b>	<u><u>\$ 6,275,179</u></u>

# **CITIZENS FOR ANIMAL PROTECTION, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED JUNE 30, 2022**

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#### **NOTE 4 – PROPERTY AND EQUIPMENT (CONTINUED)**

Depreciation expense totaled \$268,921 for the year ended June 30, 2022.

#### **NOTE 5 – NOTES PAYABLE**

In August 2015, the Organization entered into promissory note with a financial institution totaling \$1,749,785. The note was secured by a first lien and contractual right of set-off in all money and property of the Organization and had a fixed interest rate of 7% through August 7, 2020. Thereafter, the interest rate was variable and was based on the higher of the Wall Street Journal Prime Rate plus .5%, but shall not be less than 3.5%. The note required monthly payments of principal and interest through August 7, 2031. On August 7, 2016, the interest rate was reset to 4.25% and the monthly payments were reduced to \$12,632 per month. The Organization made certain lump sum payments on the loan including \$258,666 in extra payments in 2017. During the year ended June 30, 2022, the Organization made principal payments totaling \$666,112 and paid the note off. There was no amount outstanding at June 30, 2022.

In November 2020, the Organization entered into a Small Business Administration (SBA) loan under the Economic Injury Disaster Loan (EIDL) program for \$150,000. The loan was set to mature on October 30, 2050, and required monthly payments of principal and interest beginning October 2021. The note carried a fixed interest rate of 2.75% per annum. The loan granted SBA a security interest in and to all property of the Organization. The loan was to be used as working capital to alleviate economic injury caused by disaster that occurred beginning January 2020.

On March 17, 2022, the EIDL was modified and provided the Organization an additional \$350,000, subject to the same terms and conditions as the initial loan. In addition, this modification required that the Organization grant SBA a deed of trust on all property owned.

On May 14, 2022, the EIDL was further modified and provided the Organization an additional \$1,500,000, subject to the same terms and conditions as the initial loan and the first modification, resulting in a total loan amount of \$2,000,000. During the year ended June 30, 2022, the Organization made principle payments of \$2,576, resulting in \$1,997,424 outstanding at June 30, 2022.

# CITIZENS FOR ANIMAL PROTECTION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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### NOTE 5 – NOTES PAYABLE (CONTINUED)

Future principal payments under the note are due as follows:

For the Year Ending June 30,	
2023	\$ 65,071
2024	66,860
2025	68,699
2026	70,588
2027	752,529
Thereafter	<u>1,653,677</u>
<b>Total Notes Payable</b>	<b><u>\$ 1,997,424</u></b>

Interest expense on the above notes for the year June 30, 2022, totaled \$23,924.

### NOTE 6 – NET ASSETS

#### ***NET ASSETS WITHOUT DONOR RESTRICTIONS***

The Organization's net assets without donor restrictions are composed of undesignated amounts and board-designated amounts for a working capital reserve. The board-designated net assets for a working capital reserve were instituted to provide funding for various strategic initiatives of the Organization. As of June 30, 2022, the Organization's net assets without donor restrictions were as follows:

Undesignated	\$ 7,307,665
Board-designated	<u>467,680</u>
<b>Total Net Assets Without Donor Restrictions</b>	<b><u>\$ 7,775,345</u></b>

#### ***NET ASSETS WITH DONOR RESTRICTIONS***

Net assets with donor restrictions consisted of the following as of June 30, 2022:

Net assets held in perpetuity:	
Diane Mattly Directorship Endowment	\$ 1,000,000
Net assets subject to specific purposes:	
Leadership and directorship (Diane Mattly Directorship Endowment revenue)	332,985
Leadership training (Mike Tawney fund)	98,754
Adoption events	79,488
Adopt-A-Classroom	<u>480</u>
<b>Total Net Assets With Donor Restrictions</b>	<b><u>\$ 1,511,707</u></b>

# CITIZENS FOR ANIMAL PROTECTION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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### NOTE 6 – NET ASSETS (CONTINUED)

#### *NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)*

Net assets were released from donor restrictions by incurring expenses which satisfied the restricted purposes. For the year ended June 30, 2022, net assets released from restrictions were as follows:

Satisfaction of purpose restrictions:	
Executive team bonuses	\$ 7,536
Leadership expenses	5,382
Leadership training	3,305
Education reimbursements	<u>1,464</u>
<b>Total Net Assets Released from Restrictions</b>	<b><u>\$ 17,687</u></b>

### NOTE 7 – BOARD DESIGNATED NET ASSETS

In March 2015, the Board of Directors of the Organization determined there was a need to create a long-term, consistent, and reliable source of operational funding for the Organization. The Board of Directors has designated 10% of unrestricted contributions received from estates and bequests as board-designated endowment funds. For the year ended June 30, 2022, the 10% portion of the estate and bequest contributions is presented in the financial statements as follows:

Balance, July 1, 2021	\$ 504,528
Contributions	12,963
Investment losses, net	<u>(49,811)</u>
<b>Total Board Designated Net Assets</b>	<b><u>\$ 467,680</u></b>

The Board has established an Endowment Fund Committee (3-5 members). The distribution policy states investment income from the board-designated endowment will not become available for distribution until the first date of the calendar quarter after the fund reaches \$500,000. Upon reaching this threshold, the spending distribution will be calculated quarterly as soon as is administratively possible after the end of each calendar quarter. The fund reached \$500,000 in December 2017.

The quarterly income distribution is 1.25% of the 16-quarter rolling average of the fund's balance. This quarterly income distribution is to be drawn from ordinary earned income, as well as appreciation, earned and unearned. If a quarterly distribution would result in an invasion of the original contributed principal, the quarterly distribution shall be reduced so as not to use principal. The original contributed principal is \$100,000.

# **CITIZENS FOR ANIMAL PROTECTION, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2022**

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### **NOTE 7 – BOARD DESIGNATED NET ASSETS (CONTINUED)**

The distribution policy was revised in May 2022. Effective June 2022, a monthly withdrawal in an amount no greater than 5% per annum of the prior month's end balance rounded to the nearest \$100 will be made. Withdrawals are to be allocated proportionately between restricted and board designated funds unless otherwise determined by the board.

The endowment policy on using (invading) the principal of organizational funds creating this quasi-endowment fund includes, by its nature, the ability of future Boards to invade or modify the designation. Such an invasion or modification requires an affirmative vote of 75% of the then current Board of Directors in attendance at a regularly scheduled or special meeting where a quorum is present.

### **NOTE 8 – ENDOWMENT FUND**

The Organization's endowment consists of one permanently restricted endowment, the Diane Mattly Directorship endowment. The Diane Mattly Directorship endowment is in support of the Director position at the Organization. The objective of the endowment is to focus on leadership/recognition and is not to be used for general operating purposes. As required by GAAP, net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

#### ***INTERPRETATION OF RELEVANT LAW***

The Organization has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions to be held in perpetuity (a) the original value of the initial gifts donated to the endowment; (b) the original value of subsequent gifts to the endowment; and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time at which the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions to be held in perpetuity is classified as net assets with donor restrictions subject to expenditure for a specified purpose as appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.

# CITIZENS FOR ANIMAL PROTECTION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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### NOTE 8 – ENDOWMENT FUND (CONTINUED)

#### *INTERPRETATION OF RELEVANT LAW (CONTINUED)*

- The purposes of the Organization and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Organization.
- The investment policies of the Organization.

#### *RETURN OBJECTIVES AND RISK PARAMETERS*

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period, as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the market while assuming a moderate level of investment risk.

#### *STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES*

To satisfy its provision for annual income objectives, the Organization relies on a fixed-income strategy in which investment returns are achieved through current yield (interest and dividends) and, to a lesser extent, capital appreciation (realized and unrealized). The Organization targets a diversified fixed-income-based asset allocation to provide reasonable and predictable funds for the Organization's program purposes supported by its endowments held in perpetuity and to maintain a balance between the Organization's spending and the protection of the principal. The Organization's strategy for holdings is as follows:

	<u>Long-Term Target</u>	<u>Allowable Range</u>
Equity	60%	30-70%
Fixed income	40%	30-70%
Short-term	0%	0-20%

# CITIZENS FOR ANIMAL PROTECTION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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### NOTE 8 – ENDOWMENT FUND (CONTINUED)

#### *STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES (CONTINUED)*

The Organization's Endowment Fund Committee may deviate from the above guidelines concerning asset mix until such time as the total market value of the endowment fund reaches a point where this level of asset mix is reasonable.

#### *ENDOWMENT SPENDING POLICY*

The Organization has adopted a spending policy for the endowment fund that states that 95% of the actual interest and dividends earned, less investment fees, for the prior calendar year are available to be spent in accordance with donor restrictions.

#### *FUNDS WITH DEFICIENCIES*

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2022.

#### *ENDOWMENT NET ASSET COMPOSITION*

The donor-restricted endowment net asset composition as of June 30, 2022, was as follows:

	Accumulated Net Investment Returns	Required to Maintained in Perpetuity	Total
<b>Endowment Net Assets, June 30, 2022</b>	<u>\$ 332,985</u>	<u>\$ 1,000,000</u>	<u>\$ 1,332,985</u>

#### *ENDOWMENT NET ASSET ACTIVITIES*

For the year ended June 30, 2022, the donor-restricted endowment funds had the following activities:

	Original Gift Amount	Accumulated Earnings	Total
Endowment Net Assets, at July 1, 2021	\$ 1,000,000	\$ 479,161	\$ 1,479,161
Releases	--	(5,383)	(5,383)
Investment losses, net	<u>--</u>	<u>(140,793)</u>	<u>(140,793)</u>
<b>Endowment Net Assets, at June 30, 2022</b>	<u>\$ 1,000,000</u>	<u>\$ 332,985</u>	<u>\$ 1,332,985</u>

# CITIZENS FOR ANIMAL PROTECTION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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### NOTE 9 – IN-KIND DONATIONS

In-kind donations are summarized as follows for the year ended June 30, 2022:

Animal food and supplies	\$ 168,401
Land	138,000
Car	30,892
Veterinary services	21,950
Facilities and supplies for Gala	21,016
Installation services	9,608
Equipment	<u>1,241</u>
<b>Total In-Kind Donations</b>	<b><u>\$ 391,108</u></b>

#### ***ANIMAL FOOD AND SUPPLIES***

The Organization receives donated animal food and supplies for the animal care/shelter program. The donated animal food and supplies are recognized as in-kind donations at fair value, with a corresponding expense allocated to the animal care/shelter program. The Organization values these donations based on current comparable market prices.

#### ***LAND***

The Organization received 4.255 acres of donated land, currently held with the intention to monetize. The donated land is recognized as in-kind donations at fair value. The Organization valued this donation based on the appraisal value.

#### ***CAR***

The Organization received a donated car that was monetized via the Gala raffle. The donated car is recognized as in-kind donations at fair value, with a corresponding expense allocated to fundraising. The Organization values this donation based on the fair value of the car.

#### ***VETERINARY SERVICES***

The Organization receives donated veterinary services for animal care/shelter program related activities. The donated veterinary services are recognized as in-kind donations at fair value, with a corresponding expense allocated to the animal care/shelter program. The Organization values these donations based on current comparable encounter rates.

# CITIZENS FOR ANIMAL PROTECTION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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### NOTE 9 – IN-KIND DONATIONS (CONTINUED)

#### *FACILITIES AND SUPPLIES FOR GALA*

The Organization receives donated use of facilities and supplies for the Gala. The donated facilities and supplies are recognized as in-kind donations at fair value, with a corresponding expense allocated to fundraising supporting services. The Organization values these donations based on the current comparable rental rates and supplies prices.

#### *INSTALLATION SERVICES*

The Organization receives donated computer and lighting installation services for program and administrative related activities. The donated installation services are recognized as in-kind donations at fair value, with a corresponding expense allocated to the programs benefited. The Organization values these donations based on current comparable installation rates.

#### *EQUIPMENT*

The Organization received donated equipment for program and administrative related activities. The donated equipment is recognized as in-kind donations at fair value, with a corresponding expense allocated to the programs benefited. The Organization values this donation based on the actual cost of the machine and maintenance.

Volunteers also provided various services throughout the year ended June 30, 2022, that are not recognized as contributions in the financial statements since the required recognition criteria is not met.

### NOTE 10 – AVAILABILITY AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. The Organization's financial assets available within one year of the consolidated statement of financial position date for general expenditures on June 30, 2022, were as follows:

Cash and cash equivalents	\$ 150,501
Investments	4,889,955
Pledges receivable	<u>10,358</u>
Total Financial Assets Available Within One Year	5,050,814

# CITIZENS FOR ANIMAL PROTECTION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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### NOTE 10 – AVAILABILITY AND LIQUIDITY (CONTINUED)

*(continued)*

Less: Amounts unavailable for general expenditures within one year:	
Amounts restricted by donors with purpose restrictions	\$ (511,707)
Amounts permanently restricted	(1,000,000)
Amounts unavailable to management without board approval:	
Board-designated	<u>(467,680)</u>

#### **Financial Assets Available to Meet**

<b>General Expenditures Within One Year</b>	<b><u>\$ 3,071,427</u></b>
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The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, liabilities, and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Organization throughout the year. This is done through monitoring and reviewing the Organization's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of the Organization's cash flow related to the Organization's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. As part of its liquidity plan, excess cash is invested in publicly traded investment vehicles, including mutual funds and equity securities, or to support organizational initiatives. The Organization can liquidate its investments anytime, and therefore the investments are available to meet current cash flow needs.

### NOTE 11 – INCOME TAXES

The Organization is exempt from the payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the IRC. No provision for income taxes is required for the year ended June 30, 2022, because the Organization had no significant net taxable unrelated business income.

The Organization has adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB ASC Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of uncertainty in income taxes taken or expected to be taken in a tax return. The Organization evaluated its uncertainty in income taxes for the year ended June 30, 2022, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status; and there are currently no examinations pending or in progress.

# **CITIZENS FOR ANIMAL PROTECTION, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2022**

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### **NOTE 12 – SUBSEQUENT EVENTS**

In preparing the financial statements, the Organization has evaluated for potential recognition or disclosure, events and transactions through October 20, 2023, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in these financial statements other than the information below.

On January 30, 2023, the Organization sold two lots of land in Hockley, Texas for \$135,000.

## **SUPPLEMENTARY INFORMATION**

**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 of  
**Citizens for Animal Protection, Inc.**

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 (*Government Auditing Standards*), the financial statements of Citizens for Animal Protection, Inc. (the Organization), which comprise the Organization's statement of financial position as of June 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 20, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, 2022-003 and 2022-004 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned cost as 2022-005 to be a significant deficiency.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization'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 instances of noncompliance or other matter that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, 2022-003, and 2022-005.

## **The Organization's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization'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 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.

*Marcum LLP*

Washington, DC  
October 20, 2023

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of  
**Citizens for Animal Protection, Inc.**

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Organization's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2022. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

## ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as Finding 2022-006. Our opinion on the major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a material weakness.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2022-006, to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

*Marcum LLP*

Washington, DC  
October 20, 2023

**CITIZENS FOR ANIMAL PROTECTION, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED JUNE 30, 2022**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. SMALL BUSINESS ADMINISTRATION</b>				
Economic Injury Disaster Loan	59.008	N/A	\$ --	\$ 1,850,000
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ --</b>	<b>\$ 1,850,000</b>

See accompanying notes to this schedule.

# **CITIZENS FOR ANIMAL PROTECTION, INC.**

## **NOTES TO THE SCHEDULE OF EXPEDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED JUNE 30, 2022**

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### **NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards of Citizens for Animal Protection, Inc. is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### **NOTE 3 – LOAN PROGRAM**

Citizens for Animal Protection, Inc. has an Economic Injury Disaster Loan. The balance of the loan outstanding at December 31, 2022, totaled \$1,997,424.

# CITIZENS FOR ANIMAL PROTECTION, INC.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2022

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### SECTION I – SUMMARY OF AUDITORS' RESULTS

#### *FINANCIAL STATEMENTS*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

**UNMODIFIED**

Internal control over financial reporting:

Material weakness(es) identified?

X Yes        No

Significant deficiency(ies) identified?

X Yes        None reported

Noncompliance material to financial statements noted?

X Yes        No

#### *FEDERAL AWARDS*

Internal control over major federal programs:

Material weakness(es) identified?

X Yes        No

Significant deficiency(ies) identified?

       Yes X None reported

Type of auditors' report issued on compliance for major federal programs:

**UNMODIFIED**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

X Yes        No

Identification of major federal programs:

#### NAME OF FEDERAL PROGRAM OR CLUSTER

Economic Injury Disaster Loans

#### *ASSISTANCE LISTING*

*NUMBER(S)*

59.008

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

       Yes X No

# **CITIZENS FOR ANIMAL PROTECTION, INC.**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2022**

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### **SECTION II – FINANCIAL STATEMENT FINDINGS**

#### **Finding No. 2022-001: Revenue Recognition and Coding of Transactions – Material Weakness in Internal Control and Non-Compliance**

##### ***Criteria***

Depending on the facts and circumstances of each grant or contribution, revenue is recognized when pledged if unconditional, or upon the satisfaction of conditions included within the agreement. Contributions reported in Raisers Edge should be compared and reconciled to that in Quickbooks accounting system on a monthly basis. Additionally, contributions should be bifurcated between contributions and exchange transactions, as applicable.

##### ***Condition***

Multiple grants and contributions that contained donor purpose restrictions were erroneously recorded as deferred revenue and consequently, not reported on the restricted net assets schedule. This resulted in corrections needed for deferred revenue and restricted grants and contributions in the amount of \$141,938.

We also noted the misclassification of an exchange transaction as contribution instead of fee for service revenue. As a result, the financial statements presented during the year did not properly reflect the grants and contributions and the fee for service revenue for the year ended June 30, 2022. An audit adjustment was proposed to correct the error.

##### ***Cause***

The uniqueness of the Organization's revenue received and programmatic activity resulted in a misinterpretation of revenue recognition that did not conform to accounting standards.

##### ***Effect***

Revenue and net assets were reported incorrectly and adjustments were proposed and accepted by management to properly recognize revenue and support for the year ended June 30, 2022.

##### ***Repeat Finding***

No.

##### ***Recommendation***

We recommend that the Organization enhance its procedures over its review of grants and contributions to ensure that grants and contributions are coded to the proper revenue accounts. We recommend that the Organization enhance its procedures over its review of revenue to ensure that these are coded to the proper revenue accounts. We recommend that the Organization reconcile Razor's Edge and the Quickbooks accounting system on monthly basis.

# **CITIZENS FOR ANIMAL PROTECTION, INC.**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2022**

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### **SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)**

#### **Finding No. 2022-001: Revenue Recognition and Coding of Transactions – Material Weakness in Internal Control and Non-Compliance (continued)**

##### ***Views of Responsible Officials and Planned Corrective Actions***

See Corrective Action Plan.

#### **Finding No. 2022-002: Review of Payroll Change Report – Material Weakness in Internal Control and Non-Compliance**

##### ***Criteria***

An effective internal control system over the payroll process requires that all changes made to the payroll report be reviewed and approved.

##### ***Condition***

The Payroll Clerk makes changes to pay, including adding bonuses and reimbursements, as well as corrections to pay as needed. The payroll change report can be generated from HR&P, but currently this is not part of the payroll packet submitted to the Director of Finance and Human Resource for review.

##### ***Cause***

The Organization currently lacks adequate internal control policies and procedures to allow for a detailed review of the changes and corrections made to payroll.

##### ***Effect***

Lack of detailed management review and oversight over the changes and corrections made to payroll increase the risk of potential errors or misstatements of the Organization's financial information.

##### ***Repeat Finding***

No.

##### ***Recommendation***

We recommend that the Director of Finance and Human Resource review the payroll change report to ensure no unauthorized changes have been made. We also recommend that the Director of Finance and Human Resources review the journal entries prepared by the Payroll Clerk to ensure that payroll is entered properly in the general ledger.

##### ***Views of Responsible Officials and Planned Corrective Actions***

See Corrective Action Plan.

# **CITIZENS FOR ANIMAL PROTECTION, INC.**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2022**

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### **SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)**

#### **Finding No. 2022-003: Financial Management – Material Weakness in Internal Control and Non-Compliance**

##### ***Criteria***

Effective financial management includes internal controls relating to the new vendor approval process, controls to ensure that only authorized new vendors are added to the accounting system, and controls to ensure that all journal entries and supporting documentation are reviewed and approved by an employee other than the preparer.

##### ***Condition***

There is currently no process in place to approve new vendors, ensure that only authorized new vendors are added to the accounting system, or approve journal entries made by the Director of Finance and Human Resource.

##### ***Cause***

The Organization currently lacks adequate internal control policies and procedures to allow for the proper approval of vendors, ensuring only authorized new vendors are added to the accounting system, and review of adjusting journal entries and supporting documentation.

##### ***Effect***

Lack of an established and effective internal control system, as well as ensuring adequate management review and oversight over the posting of journal entries to the general ledger and financial reporting closing process, increases the risk of potential misstatement of the Organization's financial information and potential transactions with unauthorized vendors.

##### ***Repeat Finding***

No.

##### ***Recommendation***

We recommend that the Organization establish procedures which require that new vendors be approved by management, vendors added to the accounting system be reviewed and authorized by management, and journal entries be reviewed and approved by management. This can be done on individual transactions or as a packet when management reviews the financial statements on a regularly basis. This review and approval should be performed by a management employee other than the initiator of the transaction and should be evidenced by initials and date.

##### ***Views of Responsible Officials and Planned Corrective Actions***

See Corrective Action Plan.

# **CITIZENS FOR ANIMAL PROTECTION, INC.**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2022**

---

### **SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)**

#### **Finding No. 2022-004: Management Review of In-Kind Donation Valuation – Material Weakness in Internal Control**

##### ***Criteria***

Recipients of in-kind donations are required to establish a reasonable method of recording the donations at fair value at the time of donation. An effective internal control system over in-kind donation valuation requires that the reasonableness of the recorded values be reviewed and approved by an employee other than the employee making the determination.

##### ***Condition***

In-kind gifts received by the Organization consist of food and supplies via the outside drop-off boxes, and are recorded as noncash contributions revenue. These gifts are valued at year-end with the average cost of food, litter, and other supplies valued using market prices. However, there is currently no process in place to review the reasonableness of the values calculated by the Director of Finance and Human Resource.

##### ***Cause***

The Organization currently lacks adequate internal control policies and procedures to allow for the proper review of in-kind donation valuation.

##### ***Effect***

Lack of an established and effective internal control system, as well as ensuring adequate management review and oversight over the in-kind donation valuation process increases the risk of potential misstatement of the Organization's financial information.

##### ***Repeat Finding***

No.

##### ***Recommendation***

We recommend that in-kind gifts be reviewed and approved by management or another independent employee to ensure that the fair values determined and recorded in the Organization's accounting records are reasonable.

##### ***Views of Responsible Officials and Planned Corrective Actions***

See Corrective Action Plan.

# **CITIZENS FOR ANIMAL PROTECTION, INC.**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2022**

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### **SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)**

#### **Finding No. 2022-005: Dual Signatures on Checks – Significant Deficiency in Internal Control and Non-Compliance**

##### ***Criteria***

A strong internal control system over check disbursements includes a dual signature or approval for disbursements over a specified level.

##### ***Condition***

It is the Organization's policy to have all checks signed by one authorized check signer. Requiring dual signatures on all disbursements over a specified level provides an important control that reduces the risk that material unauthorized disbursements will go undetected.

##### ***Cause***

The Organization's policy and procedures over disbursements requires all checks signed by one authorized check signer.

##### ***Effect***

Lack of a dual signature or approval for disbursements over a specified level increases the risk of material unauthorized disbursements being undetected.

##### ***Repeat Finding***

No.

##### ***Recommendation***

We recommend that the Organization consider establishing a minimum disbursement amount that would require two signatures.

##### ***Views of Responsible Officials and Planned Corrective Actions***

See Corrective Action Plan.

### **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

#### **Finding No. 2022-006: Late Filing of Data Collection Form – Material Weakness – Internal Control and Compliance Finding**

##### ***Criteria***

In accordance with the Uniform Guidance, the audit package and the Data Collection Form must be submitted within 30 days after receipt of the auditors' report or nine months after the end of the fiscal year, whichever comes first.

# **CITIZENS FOR ANIMAL PROTECTION, INC.**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2022**

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### **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)**

#### **Finding No. 2022-006: Late Filing of Data Collection Form – Material Weakness – Internal Control and Compliance Finding (continued)**

##### ***Condition***

There are inadequate internal controls in place to ensure that the Organization's financial statement audit is completed in a manner to allow the Data Collection Form to be filed by the reporting deadline.

##### ***Context***

The Data Collection Form for the year ended June 30, 2022 was not submitted to the Federal Audit Clearinghouse by the March 31, 2023 deadline.

##### ***Cause***

There were delays in completing the 2022 audit.

##### ***Effect***

Management was not in compliance with the requirements of the Uniform Guidance.

##### ***Questioned Costs***

None.

##### ***Repeat Finding***

No.

##### ***Recommendation***

We recommend that management enhance its internal controls, policies and procedures to ensure that all filing requirements under federal awards are met.

##### ***Views of Responsible Officials and Planned Corrective Actions***

See Corrective Action Plan.

### **SECTION IV – SUMMARY OF PRIOR YEAR FINDINGS**

None required to be reported.



## Corrective Action Plan

October 4, 2023

### To Whom It May Concern:

Citizens for Animal Protection Inc respectfully submits the corrective action plan for the year ended June 30, 2022.

### Independent Audit Firm:

Marcum, LLP  
1899 L Street NW, Suite 900  
Washington, DC 20036

### Audit Period:

The findings from the June 30, 2022 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

### *Finding No. 2022-001: Revenue Recognition and Coding of Transactions – Material Weakness in Internal Control and Non-Compliance*

#### Condition

Multiple grants and contributions that contained donor purpose restrictions were erroneously recorded as deferred revenue and consequently, not reported on the restricted net assets schedule. This resulted in corrections needed for deferred revenue and restricted grants and contributions in the amount of \$141,938. We also noted the misclassification of an exchange transaction as contribution instead of fee for service revenue. As a result, the financial statements presented during the year did not properly reflect the grants and contributions and the fee for service revenue for the year ended June 30, 2022. An audit adjustment was proposed to correct the error.

#### Recommendation

We recommend that the Organization enhance its procedures over its review of grants and contributions to ensure that grants and contributions are coded to the proper revenue accounts. We recommend that the Organization enhance its procedures over its review of revenue to ensure that these are coded to the proper revenue accounts. We recommend that the Organization reconcile Razor's Edge and the Quickbooks accounting system on monthly basis.

#### Action Taken

*To enhance the procedures over the review of grants, contributions, and other specialized accounting standards, we have elected to engage an outside accountant specialized in nonprofit accounting to review our books and procedures quarterly. We will also continue to retain the outside accountant to complete the various schedules for Net Assets. This will begin in October for the 2023 fiscal year-end.*

SANDI MERCADO  
EXECUTIVE DIRECTOR

#### BOARD OF DIRECTORS

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PETER CARRAGHER  
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*Bifurcation of contributions started on May 1, 2023. Previous income during the 2023 year will be corrected by the Director of Finance & HR. Grants with donor purpose restrictions will be included in the net assets schedule. This begins immediately and the current 2023 year will be reviewed for changes.*

*With respect to reconciling Raiser's Edge to QuickBooks, we will continue reconciling and have completed monthly reconciliations for Fiscal Year 2023.*

*Anticipated Completion Date:* *On-going implementation beginning June 2023*

***Finding No. 2022-002: Review of Payroll Change Report – Material Weakness in Internal Control and Non-Compliance***

**Condition**

The Payroll Clerk makes changes to pay, including adding bonuses and reimbursements, as well as corrections to pay as needed. The payroll change report can be generated from HR&P, but currently this is not part of the payroll packet submitted to the Director of Finance and Human Resource for review.

**Recommendation**

We recommend that the Director of Finance and Human Resource review the payroll change report to ensure no unauthorized changes have been made. We also recommend that the Director of Finance and Human Resources review the journal entries prepared by the Payroll Clerk to ensure that payroll is entered properly in the general ledger.

**Action Taken**

*Currently and since October 2022, the Director of Finance and HR reviews the Employee Change Report that shows changes to the employee's file. We will continue with this process. The Executive Director is also signing off on the Employee Change Report.*

*The Director of Finance and HR downloads, reviews, and posts the payroll journal entry from the payroll system, HR&P rather the payroll clerk. The Director of Finance and HR's journal entries for payroll are now currently being approved by the Executive Director (with written initials and dated) shortly after each payroll. This process began with the June 9, 2023 payroll.*

*Anticipated Completion Date:* *On-going review and approval starting October 2022 (Employee Change Report) and June 2023 (Payroll Journal Entries).*

***Finding No. 2022-003: Financial Management – Material Weakness in Internal Control and Non-Compliance***

**Condition**

There is currently no process in place to approve new vendors, ensure that only authorized new vendors are added to the accounting system, or approve journal entries made by the Director of Finance and Human Resource.

**Recommendation**

We recommend that the Organization establish procedures which require that new vendors be approved by management, vendors added to the accounting system by reviewed and authorized by management, and journal entries be reviewed and approved by management. This can be done on individual

transactions or as a packet when management reviews the financial statements on regularly basis. This review and approval should be performed by a management employee other than the initiator of the transaction and should be evidenced by initials and date.

Action Taken

*The Director of Finance and HR will review all new vendors by individually signing off on new vendor's W-9, contract/agreement, and first invoice. There will also be a report run in QuickBooks detailing new vendors added during the previous month. This will be reviewed by the Director of Finance and HR as part of the monthly close process. These procedures have begun as part of the April 2023 close and a report was reviewed back to July 2022.*

*The Director of Finance and HR's journal entries are to be approved by the Executive Director (with written initials and dated) at the time of financial reporting to the Board (approximately every 2 months). This will begin immediately with the April and May 2023 monthly closing.*

Anticipated Completion Date: On-going implementation beginning June 2023

***Finding No. 2022-004: Management Review of In-Kind Donation Valuation – Material Weakness in Internal Control and Non-Compliance***

Condition

In-kind gifts received by the Organization consist of food and supplies via the outside drop-off boxes, and are recorded as noncash contributions revenue. These gifts are valued at year-end with the average cost of food, litter, and other supplies valued using market prices. However, there is currently no process in place to review the reasonableness of the values calculated by the Director of Finance and Human Resource.

Recommendation

We recommend that in-kind gifts be reviewed and approved by management or another independent employee to ensure that the fair values determined and recorded in the Organization's accounting records are reasonable.

Action Taken

*In-kind donation valuations made by the Director of Finance and HR will be reviewed by the Executive Director and approved on an annual basis. This will begin with the fiscal year ending June 30, 2023.*

Anticipated Completion Date: November, 2023

***Finding No. 2022-005: Dual Signatures on Checks – Significant Deficiency in Internal Control and Non-Compliance***

Condition

It is the Organization's policy to have all checks signed by one authorized check signer. Requiring dual signatures on all disbursements over a specified level provides an important control that reduces the risk that material unauthorized disbursements will go undetected.

Recommendation

We recommend that the Organization consider establishing a minimum disbursement amount that would

require two signatures.

Action Taken

*Dual signatures on checks will begin October 1, 2023. The amount at which a dual signature is required will be \$10,000. There are checks sent via ACH, in which case two check signers will sign the ACH transaction. The Accounts Payable clerk has been appropriately trained. The Director of Finance and HR already, as part of monthly procedures, checks the bank statement for check copies with signatures and will add to this procedure to also check for dual signatures on checks over \$10,000.*

Anticipated Completion Date: On-going implementation beginning October 2023

***Finding No. 2022-006: Late Filing of Data Collection Form – Material Weakness – Internal Control and Compliance Finding***

Condition

There are inadequate internal controls in place to ensure that the Organization's financial statement audit is completed in a manner to allow the Data Collection Form to be filed by the reporting deadline.

Recommendation

We recommend that management enhance its internal controls, policies and procedures to ensure that all filing requirements under federal awards are met.

Action Taken

*As a corrective action we have engaged with a new auditor for the fiscal year ending June 30, 2023 that is located in Houston. The new auditor also prepares formal financials from management's financials, which will significantly decrease the time it takes to produce financials and make corrections when needed.*

Anticipated Completion Date: November, 2023

If there are any questions regarding this plan, please call Erica Pothier, Director of Finance and HR at 281-600-8504.

Submitted by,



Erica Pothier  
Director of Finance and HR