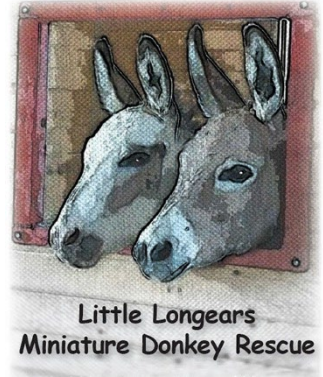




Gorfine Schiller Gardyn

Certified Public Accountants and Consultants



**LITTLE LONGEARS MINI
DONKEY RESCUE, INC.**

FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

LITTLE LONGEARS MINI DONKEY RESCUE, INC.
TABLE OF CONTENTS
December 31, 2022 and 2021

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	3
FINANCIAL STATEMENTS	
Statements of Financial Position	6
Statements of Activities	7
Statement of Functional Expenses	8
Statements of Cash Flows	9
Notes to Financial Statements	10



Gorfine Schiller Gardyn

Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

**To the Board of Directors
Little Longears Mini Donkey Rescue, Inc.
New Oxford, Pennsylvania**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Little Longears Mini Donkey Rescue, Inc., which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Little Longears Mini Donkey Rescue, Inc. as of December 31, 2022 and 2021, 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). 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 Little Longears Mini Donkey Rescue, Inc. 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.

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

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

Report on Summarized Comparative Information

We have previously audited Little Longears Mini Donkey Rescue, Inc.'s December 31, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 21, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Martini, Schiller & Galdyn, P.A.

August 17, 2023
Owings Mills, Maryland

FINANCIAL STATEMENTS

LITTLE LONGEARS MINI DONKEY RESCUE, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 399,616	\$ 536,585
Contributions receivable	107,536	54,518
Inventory	7,954	301
Prepaid expenses	<u>44,603</u>	<u>22,967</u>
Total current assets	559,709	614,371
OTHER ASSETS		
Investments	<u>4,680</u>	<u>2,657</u>
PROPERTY AND EQUIPMENT		
Equipment	188,695	74,960
Building	901,253	612,324
Land development/sitework	<u>122,778</u>	<u>122,779</u>
Total property and equipment	1,212,726	810,063
Less accumulated depreciation	<u>(125,130)</u>	<u>(48,369)</u>
Net property and equipment	<u>1,087,596</u>	<u>761,694</u>
TOTAL ASSETS	<u>\$ 1,651,985</u>	<u>\$ 1,378,722</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 124,016	\$ 46,595
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>1,527,969</u>	<u>1,332,127</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,651,985</u>	<u>\$ 1,378,722</u>

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

LITTLE LONGEARS MINI DONKEY RESCUE, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2022 and 2021

	2022	2021
REVENUES		
Direct mail campaigns	\$ 1,459,821	\$ 1,386,168
Corporate and individual contributions	526,646	484,082
Gifts in kind	-	3,000
Gain (loss) on disposal of property and equipment	200	(2,321)
Product sales, net cost of goods sold of \$9,181 and \$2,813, respectively	(5,414)	3,001
Other income	3,225	3,837
Special events, net of special event expense of \$5,382 and \$-0-, respectively	25,105	-
Investment (loss) gain, net	(91)	1,449
Total revenues	2,009,492	1,879,216
EXPENSES		
Program services	1,298,724	911,478
Supporting services		
Management and general	77,064	57,098
Fundraising	437,862	359,459
Total supporting services	514,926	416,557
Total expenses	1,813,650	1,328,035
CHANGES IN NET ASSETS	195,842	551,181
NET ASSETS WITHOUT DONOR RESTRICTIONS, Beginning of year	1,332,127	780,946
NET ASSETS WITHOUT DONOR RESTRICTIONS, End of year	\$ 1,527,969	\$ 1,332,127

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

LITTLE LONGEARS MINI DONKEY RESCUE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022 (With Comparative Totals for 2021)

	<u>2022</u>			<u>2021</u>	
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
DIRECT MAIL CAMPAIGNS					
Mailing costs	\$ 261,893	\$ 10,675	\$ 168,552	\$ 441,120	\$ 350,737
Printing costs	226,245	9,222	145,610	381,077	230,008
Professional fundraising services	-	-	98,231	98,231	101,398
Bookkeeping	5,730	234	3,688	9,652	8,643
Computer	12,117	494	7,799	20,410	30,252
Dues and registrations	3,034	124	1,952	5,110	14,315
List rental	7,704	314	4,958	12,976	24,199
Miscellaneous	10,989	448	7,072	18,509	17,221
Total direct mail campaigns	527,712	21,511	437,862	987,085	776,773
Accounting	-	25,610	-	25,610	11,910
Advertising	1,003	-	-	1,003	-
Business expense	18,687	7,963	-	26,650	12,370
Depreciation	82,918	43	-	82,961	36,476
Farm supplies	121,992	-	-	121,992	77,610
Farrier	23,130	-	-	23,130	15,680
Information technology	-	582	-	582	775
Insurance	17,466	-	-	17,466	14,765
Occupancy	58,551	-	-	58,551	47,289
Office	6,721	-	-	6,721	8,722
Payroll taxes and benefits	31,004	1,530	-	32,534	19,705
Salaries	324,681	19,825	-	344,506	236,761
Travel	8,451	-	-	8,451	6,732
Veterinary	76,408	-	-	76,408	62,482
TOTAL FUNCTIONAL EXPENSES	\$ 1,298,724	\$ 77,064	\$ 437,862	\$ 1,813,650	\$ 1,328,050

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

LITTLE LONGEARS MINI DONKEY RESCUE, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 195,842	\$ 551,181
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	82,961	36,476
Donated asset	-	(3,000)
Loss (gain) on investments	245	(1,382)
(Gain) loss on disposal of property and equipment	(200)	2,321
Changes in operating assets and liabilities:		
Contributions receivable	(53,018)	(2,933)
Inventory	(7,653)	11,386
Prepaid expenses	(21,636)	(1,622)
Accounts payable and accrued expenses	<u>77,420</u>	<u>(34,359)</u>
 Net cash provided by operating activities	 <u>273,961</u>	 <u>558,068</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	-	16,902
Proceeds from sale of property and equipment	25,000	-
Purchases of investment	(2,268)	(2,616)
Purchases of property and equipment	<u>(433,662)</u>	<u>(600,075)</u>
 Net cash used in investing activities	 <u>(410,930)</u>	 <u>(585,789)</u>
 CHANGES IN CASH AND CASH EQUIVALENTS	 (136,969)	 (27,721)
 CASH AND CASH EQUIVALENTS – Beginning of year	 <u>536,585</u>	 <u>564,306</u>
 CASH AND CASH EQUIVALENTS – End of year	 <u>\$ 399,616</u>	 <u>\$ 536,585</u>

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

LITTLE LONGEARS MINI DONKEY RESCUE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE A – NATURE OF ORGANIZATION

Little Longears Mini Donkey Rescue, Inc. (the Organization) is a Pennsylvania non-stock, not-for-profit organization exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and comparable state laws. Little Longears is dedicated to the rescue, care, and safe sanctuary of neglected, abused, or otherwise unwanted donkeys. They also provide a safe haven for owners to surrender their donkeys in the event they are no longer able or willing to care for them.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting and Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958, *Not-for-Profit Entities* (FASB ASC 958). Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net assets with donor restrictions include all gifts from donors that are restricted in some manner to their use and include the principal amount of all gifts designated by the donors to be invested in perpetuity.

The Organization has elected to report donor-restricted contributions whose restrictions are met in the same reporting period as the revenue is recognized as net assets without donor restrictions. The Organization had no net assets with donor restrictions as of December 31, 2022 and 2021.

2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (US GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

3. Revenue Recognition

Contribution and grant revenue is recognized when received, or if a promise to give, when the unconditional promise is made, or if conditional, when the condition is met. Other revenues are recognized when earned.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4. Fair Value Measurements

The Organization determines the fair value of certain assets and liabilities through the application of FASB ASC 820, *Fair Value Measurements and Disclosures*. The standard clarifies that fair value is the amount that would be exchanged to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date.

5. Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less. The Organization maintains their cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization's management believes the Organization is not exposed to any significant credit risk on their balances.

6. Contributions Receivable

The Organization provides an allowance for doubtful accounts based on management's review of outstanding receivables, historical collection information, and existing economic conditions. Delinquent receivables are written off based on individual credit evaluation and specific circumstances. As of December 31, 2022 and 2021, all amounts are due within one year and are deemed fully collectible. Therefore, no allowance is considered necessary by management.

7. Inventory

Inventory is valued at the lower of cost or market, using the first-in, first-out method and consists of materials used in direct mail activities.

8. Investments

The Organization invests in marketable securities classified as available-for-sale, which are carried at fair value. Unrealized gains and losses are reported in the statements of activities as a component of investment income or loss. Non-cash contributions of securities received by the Organization are recorded at fair value as of the date of the contribution.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

9. Property and Equipment

Property and equipment with a cost in excess of \$2,500 is capitalized and depreciated over its estimated useful life. Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line or accelerated methods over the useful lives of the assets. All property and equipment have an estimated useful life of between five and fifteen years. As the Organization is expanding their efforts in the New Oxford, PA location the amount of assets placed in service for the years ended 2022 and 2021 were \$433,664 and \$775,504, respectively. Depreciation expense for the years ended December 31, 2022 and 2021 was \$82,961 and \$36,476, respectively.

10. Functional Expense Allocations

The Organization presents its expenses on a functional basis, separating program expenses from management and general and fundraising expenses. Salaries and related costs are allocated based on time employees spend on each function. Other expenses are specifically charged whenever practical, or are allocated based on management's estimate. Costs of activities with both fundraising and program aspects are allocated on a functional basis if the activity includes a clear call to action, and the target audience has both the reasonable potential to take and benefit from the action called for.

11. Income Tax Status

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Organization has been classified as a publicly-supported organization, which is not a private foundation under Section 509(a) of the Code.

FASB ASC 740, *Accounting for Income Taxes*, requires the Organization to recognize or disclose any tax positions that would result in unrecognized tax benefits. The Organization has no positions that would require disclosure or recognition under the topic.

12. Reclassifications

Certain 2021 amounts have been reclassified to conform to the 2022 presentation. These reclassifications had no effect on previously reported changes in net assets.

13. Subsequent Events

The Organization has evaluated subsequent events through August 17, 2023 which is the date the financial statements were available to be issued.

NOTE C – ALLOCATION OF JOINT COSTS

The Organization conducts direct mail campaigns, which include both appeals for contributions and program components. The Organization allocates the expenses incurred for direct mailing pieces that meet the criteria for allocation among the functional expenses to which the costs relate. The allocation is based on analysis of the content of the mailings. Total costs of the mailings that were allocated are as follows for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Program services	\$ 527,712	\$ 400,970
Management and general	21,511	16,344
Fundraising	<u>437,862</u>	<u>359,459</u>
	<u>\$ 987,085</u>	<u>\$ 776,773</u>

NOTE D – LIQUIDITY

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows as of December 31, 2022 and 2021, respectively:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 399,616	\$ 536,585
Contributions receivable	107,536	54,518
Investments	<u>4,680</u>	<u>2,657</u>
Total	<u>\$ 511,832</u>	<u>\$ 593,760</u>

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a goal to maintain financial assets, which consists of cash and cash equivalents, contributions receivable, and investments, to meet both normal operating expenses and unanticipated capital needs and has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

NOTE E – INVESTMENTS

The following table summarizes the Organization's investments as of December 31, 2022 and 2021.

<u>Description</u>	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Equities	<u>\$ 2,765</u>	<u>\$ 4,680</u>	<u>\$ 2,616</u>	<u>\$ 2,657</u>

NOTE F – FAIR VALUE MEASUREMENTS

FASB ASC 820 requires financial assets and liabilities to be valued and disclosed based on the following structure:

Level I – Investments included in this designation are valued based on quoted prices for identical assets in active markets as of the reporting date.

Level II – Investments included in this designation are valued based on observable market based inputs for the same asset in an inactive market or a similar asset in an active market.

Level III – Investments included in this designation are valued based on unobservable inputs that are significant to the valuation of a particular investment. The inputs into the determination of fair value in this level require significant management judgment or estimates and is done by management.

In determining the appropriate levels for each valuation, management performs a detailed analysis of the assets that are subject to FASB ASC 820. In some instances, an asset may be valued using a combination of inputs. In such instances, the asset is to be classified based on the lowest significant level used in the valuation. Managements' assessment of the significance of a particular input in the fair value measurement of an investment requires judgment and considers factors specific to the asset.

The Organization's investments are valued using quoted market prices and are all considered Level I assets.

NOTE G – OCCUPANCY COSTS AND RELATED PARTY TRANSACTIONS

The Organization's donkey rescue operations and office are located at the personal residence of the Organization's president and treasurer. In 2020, the Organization's president and treasurer personally purchased a new farm to serve as the Organization's location for operations. During 2021, the Organization moved to the newly purchased farm in New Oxford, Pennsylvania. The property owners and the Organization have an understanding whereby, in lieu of regular rental payments, the Organization will pay for reasonable and necessary repair and maintenance costs related to portions of property being used for donkey rescue operations and an administrative office. Repairs and maintenance expense for the years ended December 31, 2022 and 2021 was \$58,551 and \$47,289, respectively. The additions to property and equipment at the newly purchased farm in 2021 for the years ended December 31, 2022 and 2021 were \$433,664 and \$775,504, respectively.