Little Longears Miniature Donkey Rescue, Inc.

Financial Report
December 31, 2023

CogginsCPA

Contents

Independent Auditor's Report

To the Board of Directors
of Little Longears Mini Donkey Rescue, Inc.

Opinion

We have audited the accompanying financial statements of Little Longears Mini Donkey Rescue, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Little Longears Mini Donkey Rescue, Inc. as of December 31, 2023, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Little Longears Mini Donkey Rescue, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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 generally accepted 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 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.

Sean Coggins, CPA
Coggins CPA, LLC
August 31, 2024
Millersville, Maryland

Little Longears Mini Donkey Rescue, Inc.

Statement of Financial Position
As of December 31, 2023

		2023		2022
Assets				
Cash and cash equivalents	**$**	**725,457**	$	399,616
Contributions receivable		**69,906**		107,536
Inventory		**-**		7,954
Prepaid expenses		**30,566**		44,603
Total current assets		**825,929**		559,709
Property and equipment, net of accumulated depreciation		**1,054,263**		1,087,596
Other assets:				
Investments		**13,545**		4,680
Total other assets		**13,545**		4,680
Total assets	**$**	**1,893,737**	$	1,651,985
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued expenses	**$**	**54,574**	$	124,016
Total current liabilities		**54,574**		124,016
Total liabilities		**54,574**		124,016
Net assets:				
Total net assets without donor restrictions		**1,838,918**		1,527,969
Total liabilities and net assets	**$**	**1,893,492**	$	1,651,985

See notes to financial statements.

Little Longears Mini Donkey Rescue, Inc.

Statement of Activities
For the Year Ended December 31, 2023

	2023	2022
Revenues		
Direct mail campaigns	**$ 1,374,831**	$ 1,459,821
Corporate and individual contributions	**665,963**	526,646
Gain (loss) on disposal of property and equipment	**1,100**	200
Product sales, net of cost of goods sold of $5,982 and $9,181, respectively	**947**	(5,414)
Other income	**7,226**	3,225
Special events, net of special event expense of $7,199 and $5,382, respectively	**9,501**	25,105
Investment (loss) gain, net	**1,593**	(91)
Total revenues	**2,061,161**	2,009,492
Expenses		
Program services	**1,368,392**	1,298,724
Supporting services		
Management and general	**77,942**	77,064
Fundraising	**303,878**	437,862
Total supporting services	**381,820**	514,926
Total expenses	**1,750,212**	1,813,650
Change in net assets	**310,949**	195,842
Net assets, beginning of year	**1,527,969**	1,332,127
Net assets, end of year	**$ 1,838,918**	$ 1,527,969

Little Longears Mini Donkey Rescue, Inc.

Statement of Cash Flows
For the Year Ended December 31, 2023

		2023		2022
Cash flows from operating activities:				
Change in net assets	**$**	**310,949**	$	195,842
Adjustments to reconcile net income to net cash provided by provided by (used in) operating activities:				
Depreciation		**106,878**		82,961
Loss (gain) on investments		**(571)**		245
(Gain) loss on disposal of property and equipment		**-**		(200)
Changes in operating assets and liabilities				
Contributions receivable		**37,630**		(53,018)
Inventory		**7,954**		(7,653)
Prepaid expenses		**14,037**		(21,636)
Accounts payable and accrued expenses		**(69,442)**		77,420
Net cash provided by operating activities		**407,435**		273,961
Cash flows from investing activities				
Proceeds from sale of property and equipment		**-**		25,000
Purchases of investment		**(8,294)**		(2,268)
Purchases of property and equipment		**(73,545)**		(433,662)
Net cash used investing activities		**(81,839)**		(410,930)
Net increase (decrease) in cash		**325,596**		(136,969)
Cash:				
Beginning of year		**399,616**		536,585
End of Year	**$**	**725,212**	$	399,616

See notes to financial statements.

Little Longears Mini Donkey Rescue, Inc.

Statement of Activities
For the Year Ended December 31, 2023

	2023					2022
	Program Services	**Supporting Services**				
	Program Services	**Management and General**	**Fundraising**	**Total**	**Total**	Total
Direct mail campaigns						
Mailing costs	$ **259,945**	$ **9,402**	$ **109,631**	$ **119,033**	$ **378,978**	$ 441,120
Printing costs	**170,982**	**6,185**	**72,111**	**78,296**	**249,278**	381,077
Professional fundraising services	**-**	**-**	**101,749**	**101,749**	**101,749**	98,231
Bookkeeping	**7,689**	**278**	**3,243**	**3,521**	**11,210**	9,652
Computer	**13,119**	**475**	**5,533**	**6,008**	**19,127**	20,410
Dues and registrations	**6,567**	**238**	**2,770**	**3,008**	**9,575**	5,110
List rental	**10,797**	**391**	**4,554**	**4,945**	**15,742**	12,976
Miscellaneous	**10,166**	**368**	**4,287**	**4,655**	**14,821**	18,509
Total direct mail campaigns	**479,265**	**17,337**	**303,878**	**321,215**	**800,480**	987,085
Accounting	**-**	**28,800**	**-**	**28,800**	**28,800**	25,610
Advertising	**3,698**	**-**	**-**	**-**	**3,698**	1,003
Business expense	**16,332**	**4,331**	**-**	**4,331**	**20,663**	26,650
Depreciation	**106,878**	**-**	**-**	**-**	**106,878**	82,961
Farm supplies	**132,167**	**-**	**-**	**-**	**132,167**	121,992
Farrier	**24,252**	**-**	**-**	**-**	**24,252**	23,130
Information technology	**-**	**829**	**-**	**829**	**829**	582
Insurance	**41,157**	**-**	**-**	**-**	**41,157**	17,466
Occupancy	**32,964**	**-**	**-**	**-**	**32,964**	58,551
Office	**-**	**5,615**	**-**	**5,615**	**5,615**	6,721
Payroll taxes and benefits	**39,079**	**1,494**	**-**	**1,494**	**40,573**	32,534
Salaries	**380,847**	**19,536**	**-**	**19,536**	**400,383**	344,506
Travel	**5,357**	**-**	**-**	**-**	**5,357**	8,451
Veterinary	**106,396**	**-**	**-**	**-**	**106,396**	76,408
	$ **1,368,392**	$ **77,942**	$ **303,878**	$ **381,820**	$ **1,750,212**	$ 1,813,650

See notes to financial statements.

Note 1. Nature of Business and Summary of Significant Accounting Policies

This summary of significant accounting policies of Little Longears Mini Donkey Rescue, Inc. (the Organization) is presented to assist in the understanding of the Organization's financial statements. The financial statements and notes are the representations of the Organization's management, who are responsible for its integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been applied in the preparation of the financial statements.

Nature of business: Little Longears Mini Dinkey Rescue, Inc. 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. The Organization 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.

A summary of the Organization’s significant accounting policies follows:

Basis of accounting: The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred.

Basis of presentation of net assets: The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 958, *Not-for-Profit Entities*. Under ASC No. 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are the net assets that are not restricted by donor imposed stipulations.

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 assets with donor restrictions at December 31, 2023 and 2022.

Use of estimates: Management uses estimates and assumptions in preparing these financial statements in accordance with the modified cash basis of accounting. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses during the reporting periods. Actual results could vary from the estimates that were used.

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.

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 liability in an orderly transaction between market participants at the measurement date.

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Cash and equivalents: Cash and equivalents includes all highly liquid investments with an original maturity of three months or less. The Organization maintains its accounts primarily at three financial institutions, which at times may exceed federally insured limits. Interest and noninterest bearing accounts held in an insured institution are aggregated and guaranteed by the Federal Deposit Insurance Corporation up to $250,000. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant risk.

Contributions receivable: Contributions receivable represent amounts due within one year from donors. The Organization evaluates collectability of receivables on an ongoing basis and any accounts considered uncollectible are written off. The Organization believes all accounts receivable are collectible and have zero amounts recorded as allowance for doubtful accounts for the years ended December 31, 2023 and 2022.

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.

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.

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 value 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 inputs for the same asset in an inactive market or 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 judgement 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 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Property and equipment: Property and equipment purchased is recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The Organization capitalizes expenditures of $2,500 or more for property and equipment having a useful life of more than one year. Expenditures that materially prolong the useful life of assets are capitalized.

	Estimated Lives
Asset description:	
Building	15 years
Land development/sitework	15 years
Equipment	5 years

Valuation of long-lived assets: The Organization accounts for the valuation of long-lived assets under FASB ASC No. 360, *Property, Plant and Equipment.* ASC No. 360 requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. The Organization's management believes that there are no impaired long-lived assets as of December 31, 2023 and 2022 and, therefore, no impairment loss has been recorded during the years ended December 31, 2023 and 2022.

Advertising: The Company expenses the cost of advertising as incurred. Advertising expense was $3,698 and $1,003 for the years ended December 31, 2023 and 2022, respectively.

Functional allocation of expenses: Expenses are charged directly to program services, management and general and fundraising based on specific identification, when determinable. Indirect expenses are allocated based on direct expense allocations.

Income taxes: Little Longears Mini Donkey Rescue, Inc. 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 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.

Note 2. 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, 2023 and 2022:

	2023	2022
Program services	**$ 479,265**	$ 527,712
Management and general	**17,337**	21,511
Fundraising	**303,878**	437,862
	$ 800,480	$ 987,085

Note 3. Liquidity

The following reflects the Organization's financial assets as of December 31, 2023 and 2022, respectively.

	2023	2022
Cash and cash equivalents	**$ 725,457**	$ 399,616
Contributions receivable	**69,906**	107,536
Investments	**13,545**	4,680
Financial assets available to meet cash needs for general expenditures within one year	**$ 808,908**	$ 511,832

The Organization has $808,908 of financial assets available within one year of December 31, 2023 to satisfy operating expenses. 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 policy to structure its financial assets to be available for its general expenditures, liabilities and other obligations as they come due.

Note 4. Property and Equipment

Property and equipment consists of the following:

		2023		2022
Building	**$**	**957,185**	$	901,253
Land development/sitework		**122,778**		122,778
Equipment		**206,309**		188,695
		1,286,272		1,212,726
Less accumulated depreciation		**(232,009)**		(125,130)
	$	**1,054,263**	$	1,087,596

Depreciation expense was $106,879 and $82,961 for the years ending December 31, 2023 and 2022, respectively.

Note 5. Investments

The following table summarizes the Organization's investments as of December 31, 2023 and 2022.

	2023		2022	
Description	**Cost**	**Market Value**	Cost	Market Value
Equities	**$ 11,630**	**$ 13,545**	$ 2,765	$ 4,680

Note 6. 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 expenses for the years ended December 31, 2023 and 2022 was $32,964 and $58,551, respectively. The additions to property and equipment at the newly purchased farm in 2021 for the years ended December 31, 2023 and 2022 were $73,545 and $433,664, respectively.

Note 7. Subsequent Events

The Organization has evaluated subsequent events for potential recognition and/or disclosure through August 31, 2024, the date the financial statements were available to be issued, noting no items that would warrant additional disclosures in the financial statements.