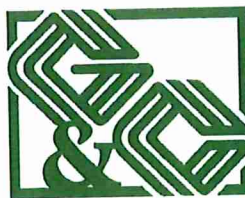


San Antonio Pets Alive, Inc.

Financial Statements

December 31, 2021



GREGORY & CRUTCHFIELD, LLC
CERTIFIED PUBLIC ACCOUNTANTS

San Antonio Pets Alive, Inc.

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GREGORY & CRUTCHFIELD, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

The Board of Directors
San Antonio Pets Alive, Inc.

We have audited the accompanying financial statements of San Antonio Pets Alive, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Antonio Pets Alive, Inc. as of December 31, 2021, 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.

Gregory & Crutchfield, LLC
San Antonio, Texas
February 21, 2023

16500 San Pedro Ave. Suite 280, San Antonio, Texas 78232

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San Antonio Pets Alive, Inc.
Statement of Financial Position
December 31, 2021

Assets	
Current assets	1,325,921
Cash in banks	190,750
Fee for service receivables	10,077
Prepaid expenses	<u>1,526,748</u>
Total current assets	
Fixed assets	57,382
Vehicles	21,633
Medical equipment	29,938
Leasehold improvements	<u>(57,934)</u>
Accumulated depreciation	51,019
Total fixed assets	
Other assets	<u>7,530</u>
Operating lease right-of-use asset	7,530
Total other assets	
Total assets	<u><u>1,585,297</u></u>
Liabilities and Net Assets	
Current liabilities	9,717
Accounts payable	77,266
Accrued expenses	4,839
Payroll liabilities	5,870
Operating lease liability - current portion	43,125
Unearned revenue	<u>140,817</u>
Total current liabilities	
Long-term liabilities	<u>1,660</u>
Operating lease liability - net of current portion	1,660
Total long-term liabilities	
Total liabilities	142,477
Net assets	1,417,502
Net assets without donor restrictions	25,318
Net assets with donor restrictions	<u>1,442,820</u>
Total net assets	
Total liabilities and net assets	<u><u>1,585,297</u></u>

San Antonio Pets Alive, Inc.
Statements of Activities and Changes in Net Assets
For the year ended December 31, 2021

	Unrestricted	Donor Restrictions	Total
Revenues			
Donations	-	1,097,885	1,097,885
Grants from foundations	-	616,715	616,715
Fees for services from City of San Antonio	294,000	-	294,000
Fundraising (net of direct fundraising costs)	14,456	-	14,456
Program fees	285,987	-	285,987
Other revenue	1,237	-	1,237
In-kind revenue	100,882	-	100,882
Release of funds with donor restrictions	1,729,172	(1,729,172)	-
Total revenues	2,425,734	(14,572)	2,411,162
Expenses			
Program expenses	1,434,240	-	1,434,240
General and administrative	260,866	-	260,866
Fundraising expenses	329,078	-	329,078
Total expenses	2,024,184	-	2,024,184
Change in net assets	401,550	(14,572)	386,978
Net assets - beginning of year	1,015,952	39,890	1,055,842
Net assets - end of year	1,417,502	25,318	1,442,820

San Antonio Pets Alive, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program	General & Administrative	Fundraising	Total
Accounting and IT services	50,479	9,465	3,155	63,099
Auto supplies / maintenance	6,982	1,309	437	8,728
Bank charges/credit card fees	21,823	4,092	1,364	27,279
Computer and IT equipment	16,514	3,096	1,032	20,642
Conferences & conventions	40	8	2	50
Depreciation	7,498	1,406	468	9,372
Development	1,100	206	69	1,375
Dues and subscriptions	2,631	493	165	3,289
Employee benefits	86,633	16,244	5,415	108,292
Foster care	8,400	1,575	525	10,500
Fringe benefits	1,723	323	108	2,154
In-kind rent	33,600	6,300	2,100	42,000
In-kind supplies and equipment	47,105	8,832	2,945	58,882
Insurance - D & O	11,054	2,073	690	13,817
Insurance - Workers comp	5,986	1,122	375	7,483
Leadership Consulting	7,769	1,457	486	9,712
Marketing, advertising, fundraising	8,742	500	7,409	16,651
Meals and entertainment	-	1,169	-	1,169
Medical - health certificates	3,720	-	-	3,720
Medical - medication	69,041	-	-	69,041
Medical - procedures	80,519	-	-	80,519
Medical - supplies	16,490	-	-	16,490
Medical - tests	19,840	-	-	19,840
Office supplies	10,681	2,003	668	13,352
Other property services	4,479	840	280	5,599
Payroll expenses - employer taxes	157,615	33,615	57,767	248,997
Payroll expenses - payroll fees	17,493	3,264	5,352	26,109
Payroll expenses - salaries /wages	580,621	132,850	228,727	942,198
Pet care equipment & supplies	23,203	4,350	1,450	29,003
Pet food, formulas & supplements	16,795	3,149	1,049	20,993
Postage	6,757	1,267	422	8,446
Printing	15,264	2,862	953	19,079
Rent and parking	34,069	6,388	2,130	42,587
Repairs and maintenance	15,312	2,871	957	19,140
Software & subscriptions	10,914	2,046	682	13,642
Staff training & CE	1,715	322	107	2,144
Transport & boarding	6,777	1,271	423	8,471
Travel and lodging	1,913	359	119	2,391
Utilities - electricity	19,943	3,739	1,247	24,929
Loss on sale of asset	3,000	-	-	3,000
	1,434,240	260,866	329,078	2,024,184

San Antonio Pets Alive, Inc.
Statement of Cash Flows
For the year ended December 31, 2021

Cash flows from operating activities:

Change in net assets	386,978
Adjustments to reconcile excess of revenue over expenses to net cash provided (used) by operating activities:	
Depreciation	9,372
(Increase) / decrease in grants and fee for service receivables	(138,750)
(Increase) / decrease in prepaid expenses	(10,077)
(Increase) / decrease in operating lease right-of-use asset	(1,886)
Increase / (decrease) in accounts payable	4,947
Increase / (decrease) in accrued expenses	14,304
Increase / (decrease) in payroll liabilities	347
Increase / (decrease) in unearned revenue	9,075
Increase / (decrease) in operating lease liability	1,886
Net increase in cash provided by operating activities	<u>276,196</u>

Cash flows used by investing activities:

Net cash used by investing activities -

Cash flows used by financing activities:

Net cash used by financing activities -

Net increase in cash 276,196

Cash and cash equivalents - beginning of year 1,049,725

Cash and cash equivalents - end of year 1,325,921

Supplemental disclosure:

Interest paid during the year -

San Antonio Pets Alive, Inc.
Notes to Financial Statements
December 31, 2021

Note 1 – The Organization

San Antonio Pets Alive, Inc. ("the Organization") is a nonprofit organization incorporated under the laws of the State of Texas on December 20, 2011. The Organization also does business under the assumed name San Antonio Pets Alive! The Organization rescues adoptable dogs and cats in danger of being euthanized at the City of San Antonio Shelter and places them in as many foster homes as possible until they can be adopted. A clinic is maintained for the examination and treatment of the rescued animals.

Note 2 – Summary of Significant Accounting Policies

Accounting Basis – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets, support and revenue, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions or assets restricted solely through actions of the Board of Directors (Board) are reported as net assets without donor restrictions. The Organization reports donor-restricted support whose restrictions are met in the same reporting period as unrestricted support.

Net assets with Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met by actions of the Organization and/or the passage of time are reported as net assets with donor restrictions. For donor-restricted support whose restrictions are not met within the same reporting period, the net assets with donor restrictions are reclassified to net assets without donor restrictions when a restriction expires and reported in the Statement of Activities as net assets released from donor restrictions.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

Property and Equipment – All property and equipment is valued at historical cost or estimated fair market value at date of donation. Expenditures for betterments and all furniture and equipment greater than \$5,000 that materially extend the useful life of an asset are capitalized. Depreciation is recorded using the straight-line method over the estimated useful lives of the related asset, which is generally five to seven years for equipment.

Tax Exempt Status – San Antonio Pets Alive, Inc. is a tax-exempt organization under Internal Revenue Code Section 501(c)(3). Therefore, no provision for income taxes has been provided in these financial statements. In addition, the Organization is not a "private foundation" within the meaning of Section 509(a) of the Code; accordingly, donors of money and/or property are entitled to the maximum charitable contribution deduction allowed by law.

**San Antonio Pets Alive, Inc.
Notes to Financial Statements
December 31, 2021**

Note 2 – Summary of Significant Accounting Policies - *continued*

Tax Exempt Status - *continued*

Management is not aware of any tax positions that would have a significant impact on its financial position. Its Form 990 information returns for the last four years remain subject to examination. The Organization is exempt from the Texas Franchise tax.

Cash and Cash Equivalents – Cash and cash equivalents consist of cash on hand, demand deposits held by financial institutions and PayPal. Cash and cash equivalents in the bank as of December 31, 2021 were partially restricted as to general use due to unspent contributions subject to donor-imposed restrictions in the amount of \$25,318.

Donated Services, Material, and Facilities – The Organization receives donated services from a variety of unpaid volunteers assisting the Organization in its programs. For these types of donated services no amounts have been recognized in the accompanying Statement of Activities because the criteria for recognition of such volunteer effort under GAAP have not been satisfied. Donated materials, supplies, equipment, office rent and professional services are valued based on their estimated fair market value on the date of contribution (See Note 6).

Revenue Recognition – Revenue is recognized when earned. Contributions are reported when an unconditional promise to give or other asset is received. Gifts of securities, if applicable, are recorded at their fair market value when received.

Contributions – The Organization reports gifts of cash and other assets as restricted support if they are received with donor restrictions that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, such assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Fee for Services Revenue – During the year, a significant portion of the Organization's revenue was from fee for services under a contract with the City of San Antonio. Revenue from these contracts is recorded as qualified pets are rescued from being euthanized based on a set fee per animal.

Functional Expenses – The costs of providing the services and other activities of the Organization have been summarized on a functional basis in the Statement of Activities. Functional expenses are allocated on the basis of estimates by management. These estimates are based primarily on the nature of the expense concerned and percentages of time allocated to program services, fundraising, and general and administrative.

Concentrations of Credit Risk – Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and grants receivable. The Organization maintains cash balances during the year that exceeded the Federal Deposit Insurance Corporation (FDIC) \$250,000 insured limits. One bank account balance exceeded the FDIC insured limit by \$441,864 as of December 31, 2021 and no losses were incurred as a result of the excess.

**San Antonio Pets Alive, Inc.
Notes to Financial Statements
December 31, 2021**

Note 2 – Summary of Significant Accounting Policies - *continued*

Subsequent Events – Subsequent events have been evaluated by management through the date of the independent auditor's report. Material subsequent events, if any, are disclosed in a separate footnote to these financial statements.

Leases – The Organization adopted FASB Accounting Standards Update 2016-02 *Leases – Topic 842* in a prior year. Under this accounting pronouncement, a lessee is required to recognize on the balance sheet the assets and liabilities for leases with lease terms of more than 12 months.

Note 3 – Property and Equipment

Property and equipment are recorded at cost if purchased or fair value if contributed and consist of the following at December 31, 2021:

Vehicles	57,382
Medical equipment	21,633
Leasehold improvements	29,938
Total property and equipment	<u>\$108,953</u>
Less accumulated depreciation	<u>(57,834)</u>
Total property and equipment, net of depreciation	<u>\$51,119</u>

Depreciation expense for the year ended December 31, 2021 was \$9,372.

Note 4 – Note Payable

Line of Credit

The Organization has a \$200,000 unsecured, revolving line of credit with Frost Bank. The interest rate is the Wall Street Journal prime rate plus 1.25% (4.5% at December 31, 2021). The maturity date of the loan is March 26, 2022. There was no outstanding balance on the line of credit as of December 31, 2021.

Note 5 – Lease Commitments

On February 1, 2020, the Organization amended its animal clinic lease agreement for 24 months from February 1, 2020 through January 31, 2022. The monthly rental rate is \$1,950.

In November 2018, the Organization entered into a 60-month non-cancelable operating lease for a copy machine at the base rate of \$166 per month.

On July 1, 2021 the Organization entered into a memo or understanding with another nonprofit organization in San Antonio to have free use of office space for 12 months from July 1, 2021 until July 1, 2022. The agreement may be terminated by either party with a 30-day written notice or by agreement of both parties.

San Antonio Pets Alive, Inc.
Notes to Financial Statements
December 31, 2021

Note 5 – Lease Commitments – *continued*

The Organization adopted FASB Accounting Standards Update 2016-02 *Leases – Topic 842* during 2018 for its one 60-month copier lease that was executed in November 2018. The Organization has presented on the statement of financial position the present value of the operating lease right-of-use asset of \$7,530 and the corresponding current and long-term lease liabilities of \$5,870 and \$1,660 respectively.

The future operating lease costs for the next five years as of December 31, 2021 are as follows:

2022	5,870
2023	1,660
2024	-
2025 and after	-
Total	<u>\$7,530</u>

Rent expense for the animal clinic for the year ended December 31, 2021 was \$23,400.

Rent expense for the copy machine lease for the year ended December 31, 2021 was \$1,992.

Note 6 – Donated Services & Goods

Donated services or goods (in-kind) reported in the Statement of Activities at December 31, 2021:

Office rent	42,000
Supplies and equipment	58,882
Total	<u>\$100,882</u>

Note 7 - Dependence on Major Funding Sources

The Organization receives a major part of its revenue under fee for services contracts with the City of San Antonio. As of December 31, 2021, the High Volume Per Partnership Agreement funding was approved through September 2022.

Note 8 – Fee for Services – City of San Antonio

The Organization's contract with the City of San Antonio provides payments to San Antonio Pet's Alive, Inc. based on various services provided to dogs and cats from the City's Animal Care Services Department. The fees to be paid to the Organization are set forth in the contracts based on the types of services performed.

San Antonio Pets Alive, Inc.
Notes to Financial Statements
December 31, 2021

Note 9 – Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31, 2021:

Spay and neuter services	1,000
Medical care	<u>24,318</u>
Total net assets with donor restrictions	<u>\$25,318</u>
Amounts released from restrictions during year	<u>\$1,729,172</u>

Note 10 - Concentration of Animal Base

San Antonio Pets Alive, Inc. provides the majority of its program services to dogs and cats within the City of San Antonio's Animal Care Services. This is considered a concentration risk for the animal base. However, the Organization does not expect a significant reduction in the number of dogs and cats needing rescue in the near future.

Note 11 – Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets as of 12/31/2021	1,516,671
Less those unavailable for general expenditures within one year, due to donor-imposed restrictions	<u>(25,318)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$1,491,353</u>

The Organization also had its \$200,000 line of credit fully available as of December 31, 2021 since there was no outstanding balance on the loan at that time.

Note 12 – Subsequent Event

On March 28, 2022 a lawsuit was filed in Bexar County, Texas against the Organization as a result of a traffic accident involving a vehicle owned by the Organization and another party (plaintiff). The plaintiff is alleging personal injury damages as a result of the accident as well as cost of medical care, impairment and future earning capacity. Management believes the accident was minor and anticipates settlement or award, if any, would be within its auto insurance policy limits.