



GREGORY & CRUTCHFIELD, LLC
CERTIFIED PUBLIC ACCOUNTANTS

May 6, 2025

To the Board of Directors
San Antonio Pets Alive, Inc.

We have audited the financial statements of San Antonio Pets Alive, Inc. for the year ended December 31, 2023, and have issued our report thereon dated May 6, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 2, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by San Antonio Pets Alive, Inc. are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of depreciation is based on general asset lives for certain types of assets. We evaluated the estimated asset lives used to calculate depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has indicated they will correct all such misstatements. Misstatements detected as a result of audit procedures totaled \$395,636. A copy of the adjustments is attached to this letter.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 6, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Board of Directors and management of Pets Alive of San Antonio, Inc, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,



Gregory & Crutchfield, LLC

San Antonio Pets Alive, Inc.

Financial Statements

December 31, 2023

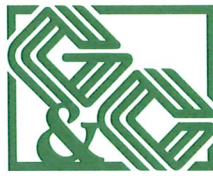


GREGORY & CRUTCHFIELD, LLC
CERTIFIED PUBLIC ACCOUNTANTS

San Antonio Pets Alive, Inc.

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GREGORY & CRUTCHFIELD, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors
San Antonio Pets Alive, Inc.

Opinion

We have audited the accompanying financial statements of San Antonio Pets Alive, Inc. (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, functional expenses, 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 San Antonio Pets Alive, 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 San Antonio Pets Alive, 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 San Antonio Pets Alive, 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 San Antonio Pets Alive, 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 San Antonio Pets Alive, 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.


Gregory & Crutchfield, LLC
San Antonio, Texas
May 6, 2025

San Antonio Pets Alive, Inc.
Statement of Financial Position
December 31, 2023

Assets	
Current assets	
Cash in banks	3,019,975
Fee for service receivables	682,555
Prepaid expenses	6,459
Other current assets (survey for land purchase)	500
Total current assets	<u>3,709,489</u>
Fixed assets	
Vehicles	57,382
Medical equipment	67,791
Leasehold improvements	29,938
Accumulated depreciation	<u>(89,866)</u>
Total fixed assets	65,245
Other assets	
Security deposit (administrative office lease)	3,588
Operating lease right-of-use asset	<u>35,570</u>
Total other assets	39,158
Total assets	<u><u>3,813,892</u></u>
Liabilities and Net Assets	
Accounts payable	45,679
Accrued expenses	62,756
Payroll liabilities	11,489
Operating lease liability - current portion	<u>35,570</u>
Total current liabilities	155,494
Long-term liabilities	
Operating lease liability - net of current portion	<u>-</u>
Total long-term liabilities	-
Total liabilities	155,494
Net assets	
Net assets without donor restrictions	1,968,398
Net assets with donor restrictions	<u>1,690,000</u>
Total net assets	3,658,398
Total liabilities and net assets	<u><u>3,813,892</u></u>

San Antonio Pets Alive, Inc.
Statements of Activities and Changes in Net Assets
For the year ended December 31, 2023

	Unrestricted	Donor Restrictions	Total
Revenues			
Donations	1,722,993	-	1,722,993
Grants from foundations	488,310	-	488,310
Fees for services from City of San Antonio	238,289	-	238,289
Fundraising (net of direct fundraising costs)	86,936	-	86,936
Capital campaign	-	1,700,000	1,700,000
Program fees	411,322	-	411,322
Other revenue	34,265	-	34,265
In-kind revenue	158,532	-	158,532
Total revenues	3,140,647	1,700,000	4,840,647
Expenses			
Program expenses	2,159,687	-	2,159,687
General and administrative	309,415	-	309,415
Fundraising expenses	383,612	10,000	393,612
Total expenses	2,852,714	10,000	2,862,714
Increase (decrease) in net assets	287,933	1,690,000	1,977,933
Net assets - beginning of year	1,680,465	-	1,680,465
Net assets - end of year	1,968,398	1,690,000	3,658,398

San Antonio Pets Alive, Inc.
Statement of Cash Flows
For the year ended December 31, 2023

Cash flows from operating activities:

Increase (decrease) in net assets	1,977,933
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Adjustments to reconcile excess of revenue over expenses
to net cash provided (used) by operating activities:

Depreciation	15,966
(Increase) / decrease in grants and fee for service receivables	(329,925)
(Increase) / decrease in prepaid expenses	(5,737)
(Increase) / decrease in other current assets	(500)
(Increase) / decrease in operating lease right-of-use asset	94,277
Increase / (decrease) in accounts payable	157
Increase / (decrease) in accrued expenses	24,809
Increase / (decrease) in payroll liabilities	(48,428)
Increase / (decrease) in operating lease liability	(94,277)
Net increase in cash provided by operating activities	1,634,275

Cash flows used by investing activities:

None	-
Net cash used by investing activities	-

Cash flows used by financing activities:

None	-
Net cash used by financing activities	-

Net increase in cash	1,634,275
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Cash and cash equivalents - beginning of year	1,385,700
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Cash and cash equivalents - end of year	3,019,975
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Supplemental disclosure:

Interest paid during the year	-
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San Antonio Pets Alive, Inc.
Notes to Financial Statements
December 31, 2023

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. 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.

San Antonio Pets Alive, Inc.
Notes to Financial Statements
December 31, 2023

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

Cash and Cash Equivalents – Cash and cash equivalents consist of cash on hand, demand deposits held by financial institutions and PayPal.

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 5).

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. Accounts receivable for the prior year ended December 31, 2022 were \$352,630.

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. As of December 31, 2023, three bank account balances exceeded the FDIC insured limit, one by \$816,078, another account at a different bank had an excess balance of \$1,183,560, and an account at a third bank had an excess balance of \$268,953. No losses were incurred as a result of these balances in excess of the FDIC limits.

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.

San Antonio Pets Alive, Inc.
Notes to Financial Statements
December 31, 2023

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

Adoption of ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326) – The Organization adopted FASB’s ASU No. 2016-13, Credit Losses (Topic 326), or CECL, at the beginning of 2023 using the modified retrospective approach. The Organization utilizes historical pooling of actual bad debt by the revenue type (contributions, grants, program services) for the previous three years. The percentage is then applied to the current period revenue types to develop an expected credit loss. If the expected credit loss is insignificant, no entry is recorded for the period. The adoption of CECL did not have a material impact as of January 1, 2023. Financial assets held by the Organization subject to the expected credit losses model prescribed by CECL include grants receivable, contributions receivable and service fees receivable (collectively called “accounts receivable” by the Organization). Management believes that no allowance for expected credit losses is necessary as of December 31, 2023.

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, 2023:

Vehicles	57,382
Medical equipment	67,791
Leasehold improvements	<u>29,938</u>
Total property and equipment	\$155,111
Less accumulated depreciation	<u>(89,866)</u>
Total property and equipment, net of depreciation	<u>\$65,245</u>

Depreciation expense for the year ended December 31, 2023 was \$15,966.

Note 4 – Net Assets with Donor Restrictions

There were donations restricted for land purchase of \$1,690,000 as of December 31, 2023. There were net assets with donor restrictions that were released from restrictions during the current year in the amount of \$10,000.

Note 5 – Donated Services & Goods

Donated services or goods (in-kind) reported in the Statement of Activities at December 31, 2023:

Office rent	6,000
Supplies and equipment	152,532
Total	<u>\$158,532</u>

Note 6 – 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% (8.75% at December 31, 2023). The maturity date of the loan is March 26, 2024. There was no outstanding balance on the line of credit as of December 31, 2023.

San Antonio Pets Alive, Inc.
Notes to Financial Statements
December 31, 2023

Note 7 – Lease Commitments

On February 1, 2024, the Organization amended its animal clinic lease agreement for 12 months from February 1, 2024 through January 31, 2025. The monthly rental rate is \$2,029.

On April 1, 2022 the Organization entered into lease agreement for administrative office space for 38 months. There was no rent charged for the first two months, \$3,588 per month for the next twelve months, \$3,690 per month for the following twelve months and \$3,793 per month for the remainder of the lease. The Organization has a month-to-month lease agreement for two storage units. The monthly lease payment was \$323 each, totaling \$646 a month, as of December 31, 2023.

The Organization adopted FASB Accounting Standards Update 2016-02 *Leases – Topic 842* during 2018. The Organization has presented on the statement of financial position as of December 31, 2023 the present value of the operating lease right-of-use asset of \$35,570 and the corresponding current and long-term lease liabilities of \$35,570 and \$0 respectively.

The future operating lease costs for the next five years as of December 31, 2023 are as follows:

2024	35,570
2025	-
2026	-
2027	-
2028 and after	-
Total	<u>\$35,570</u>

The following are rent expense totals by lease type for the year ended December 31, 2023:

Animal clinic lease - \$24,269

Administration office lease - \$33,620

Storage facility lease - \$7,639

Note 8 - 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 9 – 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.

Note 10 - 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, 2023, the High Volume Pet Partnership Agreement funding was approved through September 2024.

San Antonio Pets Alive, Inc.
Notes to Financial Statements
December 31, 2023

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 12/31/2023	\$3,702,530
Less amounts held with donor restrictions as of December 31, 2023	<u>(1,690,000)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$2,012,530</u>

The Organization also had its \$200,000 line of credit fully available as of December 31, 2023.

Note 12 – Litigation

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. As of December 31, 2023 the lawsuit was still pending.