

**Animal Protection Society of  
Orange County, Inc.  
DBA Paws4Ever**

Financial Statements

June 30, 2024

Animal Protection Society of Orange County, Inc.  
DBA Paws4Ever

**Officers**

Sally J. Schatz	President
Katie Stember	Vice President
Eleanor Armstrong	Treasurer
Irene Faust	Secretary
Jill Grant	Member at Large

**Board of Directors**

Perry Dowd	Kendall H. Page
Michael Gazala	Daphne Schwartz
Rob Johnson	Sue Sopa
Carla Julian	Valarie Zeithaml
Jaye Kreller	

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Gilliam Bell Moser LLP  
we hear you

## Independent Accountants' Review Report

The Board of Directors  
Animal Protection Society of Orange County, Inc. DBA Paws4Ever  
Mebane, North Carolina

We have reviewed the accompanying financial statements of Animal Protection Society of Orange County, Inc. DBA Paws4Ever (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### 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.

### Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Animal Protection Society of Orange County, Inc. DBA Paws4Ever and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Gilliam Bell Moser LLP*

Certified Public Accountants  
Burlington, North Carolina  
January 14, 2025



**Animal Protection Society of Orange County, Inc. DBA Paws4Ever**

**Statement of Financial Position**

(See Independent Accountants' Review Report)

June 30, 2024

<b>Assets</b>	
Current assets:	
Cash	\$ 737,401
Prepaid expenses	1,125
Sales tax receivable	1,287
Inventories	<u>5,623</u>
Total current assets	745,436
Cash restricted for Legacy Care	1,381
Certificate of deposit	15,000
Property and equipment - net	<u>279,426</u>
<b>Total assets</b>	<u><u>\$ 1,041,243</u></u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable - trade	\$ 9,414
Accrued expenses	8,573
Refundable deposits	1,500
Current portion of long-term debt	<u>17,779</u>
Total current liabilities	37,266
Deferred revenue	42,500
Long-term debt	<u>283,327</u>
Total liabilities	<u>363,093</u>
<b>Net assets</b>	
Without donor restrictions:	
Undesignated	566,329
Board designated	<u>90,002</u>
Total net assets without donor restrictions	656,331
With donor restrictions	<u>21,819</u>
Total net assets	<u>678,150</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 1,041,243</u></u>

The accompanying notes are an integral part of this financial statement.

**Animal Protection Society of Orange County, Inc. DBA Paws4Ever**  
**Statement of Activities**  
(See Independent Accountants' Review Report)  
For the Year Ended June 30, 2024

	Without donor restriction	With donor restriction	Total
Public support and revenues:			
Contributions	\$ 574,871	\$ 68,811	\$ 643,682
Bequest	505	-	505
Inventory sales - net	51,511	-	51,511
Program revenue	54,648	-	54,648
Rental income - net	1,854	-	1,854
Special events	92,423	-	92,423
In-kind contributions	36,889	7,347	44,236
Investment income - net	6,691	-	6,691
Other income	65,619	-	65,619
Net assets released from restriction	82,353	(82,353)	-
	<u>967,364</u>	<u>(6,195)</u>	<u>961,169</u>
Total public support and revenues			
Expenses:			
Program services	675,332	-	675,332
Management and general	56,893	-	56,893
Fundraising	109,660	-	109,660
	<u>841,885</u>	<u>-</u>	<u>841,885</u>
Total expenses			
<b>Increase (decrease) in net assets</b>	<b>\$ 125,479</b>	<b>\$ (6,195)</b>	<b>\$ 119,284</b>
Net assets - beginning	<u>530,852</u>	<u>28,014</u>	<u>558,866</u>
<b>Net assets - ending</b>	<b><u>\$ 656,331</u></b>	<b><u>\$ 21,819</u></b>	<b><u>\$ 678,150</u></b>

The accompanying notes are an integral part of this financial statement.

**Animal Protection Society of Orange County, Inc. DBA Paws4Ever****Statement of Functional Expenses**

(See Independent Accountants' Review Report)

For the Year Ended June 30, 2024

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 325,192	\$ 36,918	\$ 50,764	\$ 412,874
Advertising	4,882	131	857	5,870
Animal care expenses	126,025	-	-	126,025
Auto	3,143	7	-	3,150
Bank service charges	3,219	228	6,628	10,075
Board of directors	-	698	-	698
Depreciation	55,186	1,338	1,034	57,558
Insurance	11,666	974	2,200	14,840
Interest	10,734	-	-	10,734
Miscellaneous	214	338	-	552
Fundraising and event	1,209	120	39,091	40,420
Loss on disposal of fixed assets	3,447	67	67	3,581
Occupancy	81,441	1,975	1,525	84,941
Office	6,441	698	2,448	9,587
Payroll taxes	26,065	2,902	3,930	32,897
Professional education	4,509	2,808	99	7,416
Professional fees	2,414	7,033	329	9,776
Retirement plan	915	167	-	1,082
Supplies	7,631	473	417	8,521
Taxes	999	18	271	1,288
<b>Total expenses</b>	<b>\$ 675,332</b>	<b>\$ 56,893</b>	<b>\$ 109,660</b>	<b>\$ 841,885</b>

The accompanying notes are an integral part of this financial statement.

**Animal Protection Society of Orange County, Inc. DBA Paws4Ever****Statement of Cash Flows**

(See Independent Accountants' Review Report)

For the Year Ended June 30, 2024

<b>Cash Flows from Operating Activities</b>	
Increase in net assets	\$ 119,284
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	57,558
Loss on disposal of property and equipment	3,581
Net realized and unrealized gain on investments	(1,370)
Stock donation	(20,900)
Changes in operating assets and liabilities:	
Prepaid expenses	(125)
Sales tax receivable	761
Inventories	(1,396)
Accounts payable - trade	(1,148)
Accrued expenses	2,285
Refundable deposits	250
	<hr/>
Net cash provided by operating activities	158,780
	<hr/>
<b>Cash Flows from Investing Activities</b>	
Proceeds from sale of investments	30,775
Purchase of certificate of deposit	(15,000)
Purchases of property and equipment	(114,955)
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Net cash used in investing activities	(99,180)
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<b>Cash Flows from Financing Activities</b>	
Principal payments on long-term debt	(17,198)
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Net cash used in financing activities	(17,198)
	<hr/>
Net increase in cash	42,402
Cash - beginning	696,380
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<b>Cash - ending</b>	<u><u>\$ 738,782</u></u>
<b>Supplemental Disclosure of Cash Flows Information</b>	
Interest paid	\$ 10,734

The accompanying notes are an integral part of this financial statement.



**Animal Protection Society of Orange County, Inc. DBA Paws4Ever**  
**Notes to Financial Statements**

(See Independent Accountants' Review Report)

June 30, 2024

**Note 1: Summary of Significant Accounting Policies**

**Nature of organization** - The Animal Protection Society of Orange County, Inc. DBA Paws4Ever (the Organization) is a nonprofit organization which builds a compassionate community to support and ensure the well-being of animals in Orange County and surrounding areas; to save and adopt out homeless cats and dogs; offer dog training classes and workshops; and to provide legacy care to animals whose owners are no longer able to provide that care. The Organization is located in Mebane, North Carolina.

**Use of accounting estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. Those estimates and assumptions affect reported amounts of assets and liabilities and the reported revenues and expenses. Accordingly, actual amounts could differ from those estimates.

**Cash** - Cash includes all cash balances and highly liquid investments with an original maturity of three months or less. At year-end, there is credit risk exposure for certain cash balances that exceed federally insured limits of \$250,000. The amounts in excess of federally insured limits totaled \$144,663. The Organization plans to address and eliminate credit risk exposure in the future by maintenance of additional federally insured accounts.

**Restricted cash** - The Organization maintains certain cash balances restricted as to withdrawal or use. Restricted cash is comprised of cash held for the Legacy Care program. On the statement of financial position, the combination of cash and cash restricted for Legacy Care totals \$738,782, which equals the total amount of cash reported on the statement of cash flows.

**Inventories** - Inventories include goods donated to the Organization's resale store and are valued at the expected resale value. Any purchased inventory items are stated at cost.

**Property and equipment** - Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation, less accumulated depreciation and include expenditures for new facilities and major betterments and renewals. Maintenance, repairs and minor renewals are expensed as incurred.

**Depreciation** - The cost of property and equipment is depreciated over the assets' estimated useful lives using the straight-line method. Depreciation expense was \$57,558 for the year ended June 30, 2024.

**Leases** - Under provisions of ASC 842, the Organization has elected to use the short-term lease recognition exemption for all asset classes. This means that for leases that qualify, the Organization will not recognize right of use assets or lease liabilities.

**Contributed services and assets** - Donated materials and services are reflected in the financial statements only if an objective basis is available to measure the value of such material and services. Volunteers have donated significant amounts of time in the Organization's program services, the value of which cannot be objectively determined.

**Animal Protection Society of Orange County, Inc. DBA Paws4Ever**  
**Notes to Financial Statements**

(See Independent Accountants' Review Report)

June 30, 2024

**Note 1: Summary of Significant Accounting Policies (continued)**

**Contributed services and assets (continued)** - Contributed veterinary services, supplies, and items for fundraising events are recorded as in-kind contribution revenue with a corresponding increase to program or fundraising expense, value of these gifts are determined based on the fair value the Organization would have paid for these services and items.

**Advertising costs** - The Organization expenses advertising costs as incurred. Total advertising costs for the year ended June 30, 2024 were \$5,870.

**Net assets** - Net assets, revenue, gain and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor or grantor-imposed restrictions.

Net assets with donor restrictions - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (i.e., when a stipulated time restriction ends or a purpose restriction is accomplished) in the year in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When the restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Revenue recognition** - Revenue is recognized when performance obligations under the terms of a customer contract are satisfied. Revenue with customers is recognized within the categories of inventory sales through the re-sale store and program revenue which comprises adoption, training, and Legacy Care program fees.

Revenues from the resale store are recognized at the point of time the sales transaction takes place. Revenues from animal services such as adoption and training are recognized in the period the services are performed. Any sales tax charges are excluded from revenue.

Deferred revenue reflects fees collected in advance of providing Legacy Care services. Deferred revenue is composed of fees collected, but not earned at year end and represents a liability on the balance sheet. All fees are reflected as revenue in the year that care begins.

Rental income is derived from leasing the right to use a cottage on the Organization's campus. Income is recognized under provisions of ASC 842 on a straight-line basis over the term of the lease when collectability is probable.

**Functional allocation of expenses** - The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Animal Protection Society of Orange County, Inc. DBA Paws4Ever**  
**Notes to Financial Statements**

(See Independent Accountants' Review Report)

June 30, 2024

**Note 2: Available Resources and Liquidity**

The following reflects the Organization's financial assets as of year-end, reduced by amounts not available for general use due to donor-imposed and board designations.

Cash	\$	737,401
Less donor restricted		21,819
Less board designated		<u>90,002</u>
Financial assets available	\$	<u><u>625,580</u></u>

The Organization routinely receives support from various donors that is more than sufficient to fund operating expenses. Furthermore, management and the Board monitor support through routine review of the annual budget.

**Note 3: Property and Equipment**

The following is a summary of costs and accumulated depreciation:

Buildings	\$	1,325,650
Furniture and equipment		132,598
Land		90,701
Land improvements		330,981
Vehicles		<u>36,290</u>
Total property and equipment		1,916,220
Less accumulated depreciation		<u>1,636,794</u>
Property and equipment - net	\$	<u><u>279,426</u></u>

**Note 4: Long-Term Debt**

Note payable to a local bank. The note is payable in monthly installments of \$2,328 including interest at 3.4%. The note is due January 15, 2026 and is secured by the facility and site that the Organization occupies.

Note payable to a local bank	\$	301,106
Less current maturities		<u>17,779</u>
Long-term debt	\$	<u><u>283,327</u></u>

Future maturities of long-term debt are as follows:

2025	\$	17,779
2026		<u>283,327</u>
Total maturities	\$	<u><u>301,106</u></u>

**Animal Protection Society of Orange County, Inc. DBA Paws4Ever**  
**Notes to Financial Statements**

(See Independent Accountants' Review Report)  
June 30, 2024

**Note 5: Net Assets with Donor Restrictions**

The following is summary of net assets with donor restrictions available for the following purposes:

Shelter pet enrichment fund	\$	3,008
Generator grant		4,297
Spay/Neuter Grant		461
Community pet support		<u>14,053</u>
Total net assets with donor restrictions	\$	<u><u>21,819</u></u>

**Note 6: Disaggregation of Program Revenue**

The following is a summary of program revenue:

Legacy Care program	\$	3,000
Adoption center		15,114
Dog training center		<u>36,534</u>
Total program revenue	\$	<u><u>54,648</u></u>

**Note 7: Leases**

The Organization is involved in leasing activity as both a lessor and a lessee. As lessor, the Organization leases a cottage on its campus under a residential rental contract. The agreement is for an eighteen-month term expiring April 2025. Renewal option under the agreement is month-to-month. Monthly rent under the agreement is \$1,475 and the Organization recognized \$1,854 in net rental income for the year ended June 30, 2024.

As lessee, the Organization leases its resale store under an agreement that is short-term in nature. The agreement is for a twelve-month term expiring December 2024 and contains no renewal option. The Organization elected the practical expedient under provisions of ASC 842 to not recognize right of use assets and lease liabilities for short-term leases. Monthly rent under the agreement is \$1,100 and \$12,600 of rent expense is recognized within occupancy costs on the statement of functional expenses for the year ended June 30, 2024.

**Note 8: Tax Exempt Organization**

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state laws. Therefore, no income taxes are reflected in the accompanying financial statements. Management is unaware of any uncertain tax position in the financial statements that would jeopardize the Organization's tax-exempt status or otherwise requires disclosure.

**Animal Protection Society of Orange County, Inc. DBA Paws4Ever**

**Notes to Financial Statements**

(See Independent Accountants' Review Report)

June 30, 2024

**Note 9: Functional Expenses**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Facility costs are allocated based on a square footage. Personnel and other allocable expenses are allocated based on the estimates of time and effort.

**Note 10: Retirement Plans**

The Organizations maintains a Simple IRA plan covering all eligible employees. This plan is optional, so employees are not automatically enrolled. Employees may contribute up to 100% of pay, subject to statutory limits. Paws4ever's contributions are a match of the employee's contribution, up to 3% of the employee's gross income. Contribution expenses for the plan was \$1,082 for the year ended June 30, 2024.

**Note 11: Subsequent Events**

The Organization has evaluated events and transactions that occurred between June 30, 2024 and January 14, 2025, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.