

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

Financial Statements

June 30, 2025

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

Joshua Boyles	Rob Johnson
Perry Dowd	Carla Julian
Michael Gazala	Jaye Kreller
Beth Hurtt	Kendall H. Page
Jen Johnson	Daphna Schwartz

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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, 2025, 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.



Certified Public Accountants
Burlington, North Carolina
September 30, 2025

Animal Protection Society of Orange County, Inc. DBA Paws4Ever
Statement of Financial Position
(See Independent Accountants' Review Report)
June 30, 2025

Assets

Current assets:

Cash	\$ 612,288
Certificate of deposit	60,000
Prepaid expenses	3,439
Sales tax receivable	2,246
Inventories	<u>5,503</u>
 Total current assets	683,476
 Property and equipment - net	<u>397,702</u>
 Total assets	<u>\$ 1,081,178</u>

Liabilities

Current liabilities:

Accounts payable - trade	\$ 26,568
Accrued expenses	11,735
Refundable deposits	1,400
Note payable	<u>284,798</u>
 Total current liabilities	324,501
 Deferred revenue	<u>42,500</u>
 Total liabilities	<u>367,001</u>

Net assets

Without donor restrictions:

Undesignated	606,359
Board designated	<u>90,002</u>
 Total net assets without donor restrictions	696,361
With donor restrictions	<u>17,816</u>
 Total net assets	<u>714,177</u>
 Total liabilities and net assets	<u>\$ 1,081,178</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, 2025

	Without Donor Restriction	With Donor Restriction	Total
Public support and revenues:			
Contributions	\$ 439,831	\$ 88,480	\$ 528,311
Bequest	78,388	-	78,388
Inventory sales - net	72,044	-	72,044
Program revenue	67,117	-	67,117
Rental income - net	15,139	-	15,139
Special events	77,323	-	77,323
In-kind contributions	99,114	-	99,114
Investment income - net	11,456	-	11,456
Other income	6,228	-	6,228
Net assets released from restriction	<u>92,483</u>	<u>(92,483)</u>	<u>-</u>
Total public support and revenues	<u>959,123</u>	<u>(4,003)</u>	<u>955,120</u>
Expenses:			
Program services	752,012	-	752,012
Management and general	60,319	-	60,319
Fundraising	<u>106,762</u>	<u>-</u>	<u>106,762</u>
Total expenses	<u>919,093</u>	<u>-</u>	<u>919,093</u>
Increase (decrease) in net assets	\$ 40,030	\$ (4,003)	\$ 36,027
Net assets - beginning	<u>656,331</u>	<u>21,819</u>	<u>678,150</u>
Net assets - ending	<u>\$ 696,361</u>	<u>\$ 17,816</u>	<u>\$ 714,177</u>

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, 2025

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 354,842	\$ 37,170	\$ 55,897	\$ 447,909
Advertising	1,020	-	346	1,366
Animal care expenses	142,679	-	-	142,679
Auto	1,847	-	-	1,847
Bank service charges	4,198	57	6,823	11,078
Board of directors	-	698	-	698
Depreciation	38,382	687	497	39,566
Fundraising and event	1,564	-	32,002	33,566
Insurance	14,670	1,170	2,863	18,703
Interest	9,296	-	-	9,296
Miscellaneous	80	3,546	20	3,646
Occupancy	124,316	2,226	1,607	128,149
Office	9,396	650	1,367	11,413
Payroll taxes	31,381	3,022	4,477	38,880
Professional education	4,484	689	70	5,243
Professional fees	2,622	10,146	326	13,094
Supplies	9,227	180	238	9,645
Taxes	963	27	229	1,219
Travel	1,045	51	-	1,096
Total expenses	\$ 752,012	\$ 60,319	\$ 106,762	\$ 919,093

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, 2025

Cash Flows from Operating Activities

Increase in net assets	\$ 36,027
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	39,566
Net realized and unrealized loss on investments	446
Stock donation	(61,700)
Changes in operating assets and liabilities:	
Prepaid expenses	(2,314)
Sales tax receivable	(959)
Inventories	120
Accounts payable - trade	17,154
Accrued expenses	3,162
Refundable deposits	(100)
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Net cash provided by operating activities	31,402

Cash Flows from Investing Activities

Proceeds from sale of investments	61,254
Purchase of certificate of deposit	(45,000)
Purchases of property and equipment	(157,842)
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Net cash used in investing activities	(141,588)

Cash Flows from Financing Activities

Principal payments on long-term debt	(16,308)
Net cash used in financing activities	(16,308)
Net decrease in cash	(126,494)
Cash - beginning	738,782
Cash - ending	\$ 612,288

Supplemental Disclosure of Cash Flows Information

Interest paid	\$ 9,296
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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, 2025

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 that affect certain reported amounts and disclosures. Accordingly, actual results 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 \$85,540 at June 30, 2025. The Organization plans to address and eliminate credit risk exposure in the future by maintenance of additional federally insured accounts.

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 less accumulated depreciation and include expenditures for new facilities and major betterments and renewals. Maintenance, repairs and minor renewals are expensed as incurred. Donated assets are recorded at their estimated fair values at the time of donation, if readily determinable.

Depreciation - The cost of property and equipment is depreciated over the assets' estimated useful lives using the straight-line method. Depreciation expense was \$39,566 for the year ended June 30, 2025.

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.

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, 2025 were \$1,366.

Animal Protection Society of Orange County, Inc. DBA Paws4Ever

Notes to Financial Statements

(See Independent Accountants' Review Report)

June 30, 2025

Note 1: Summary of Significant Accounting Policies (continued)

Net assets - Net assets, revenue, gains 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 compromises 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. Fees are reflected as revenue in the year that care begins. The deferred revenue balance was \$42,500 as of June 30, 2025 and 2024.

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, 2025

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 restrictions and board designations.

Cash	\$ 612,288
Certificate of deposit	60,000
Total available financial resources	<u>672,288</u>
Less donor restricted	17,816
Less board designated	<u>90,002</u>
Total available financial resources for general use	<u>\$ 564,470</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: Certificate of Deposit

The Organization held a certificate of deposit from a local bank in the amount of \$60,000 as of June 30, 2025. The certificate of deposit is classified as a short-term investment on the statement of financial position as it has an original maturity of six months. There are no restrictions on the use of funds and the investment is fully insured by the FDIC.

Note 4: Property and Equipment

The following is a summary of costs and accumulated depreciation:

Buildings	\$ 1,325,650
Furniture and equipment	289,851
Land	90,701
Land improvements	330,981
Vehicles	<u>36,290</u>
Total property and equipment	2,073,473
Less accumulated depreciation	<u>1,675,771</u>
Property and equipment - net	<u>\$ 397,702</u>

Animal Protection Society of Orange County, Inc. DBA Paws4Ever
Notes to Financial Statements
(See Independent Accountants' Review Report)
June 30, 2025

Note 5: Note Payable

The Organization has a note payable to a local bank with monthly installments of \$2,328, including interest od 3.4%, and a balloon payment of \$276,493. The note is due January 15, 2026, and is secured by the facility and site that the Organization occupies. The outstanding balance as of June 30, 2025 was \$284,798.

Note 6: 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
Community pet support		<u>10,511</u>
Total net assets with donor restrictions	\$	<u>17,816</u>

Note 7: Disaggregation of Program Revenue

The following is a summary of program revenue:

Legacy Care program	\$	5,000
Adoption center		10,933
Dog training center		<u>51,184</u>
Total program revenue	\$	<u>67,117</u>

Note 8: 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 expired April 2025. Renewal option under the agreement is month-to-month. Monthly rent under the agreement is \$1,475 and the Organization recognized \$15,139 in net rental income for the year ended June 30, 2025.

As lessee, the Organization leases its resale store under two agreements that are both short-term in nature. The first agreement is for a twelve-month term, with monthly rent of \$1,100, expiring December 2025 and contains no renewal option. The second agreement was a six-month term, with monthly rent of \$900, ending July 2025, that has since been extended to December 2025. 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. \$18,800 of rent expense is recognized within occupancy costs on the statement of functional expenses for the year ended June 30, 2025.

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

(See Independent Accountants' Review Report)
June 30, 2025

Note 9: 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.

Note 10: 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 11: Retirement Plans

The Organization 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. The Organization's contributions are a match of the employee's contribution, up to 3% of the employee's gross income. There were no contribution expenses for the plan for the year ended June 30, 2025.

Note 12: Subsequent Events

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