

San Antonio Pets Alive, Inc.

Financial Statements

December 31, 2020



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, 2020, 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, 2020, 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
December 6, 2021

San Antonio Pets Alive, Inc.
Statement of Financial Position
December 31, 2020

Assets	
Current assets	
Cash in banks	1,049,725
Fee for service receivables	<u>52,000</u>
Total current assets	1,101,725
Fixed assets	
Vehicles	57,382
Medical equipment	21,633
Leasehold improvements	29,938
Accumulated depreciation	<u>(48,562)</u>
Total fixed assets	60,391
Other assets	
Operating lease right-of-use asset	<u>5,644</u>
Total other assets	5,644
Total assets	<u><u>1,167,760</u></u>
Liabilities and Net Assets	
Current liabilities	
Accounts payable	4,770
Accrued expenses	62,962
Payroll liabilities	4,492
Operating lease liability - current portion	1,992
Unearned revenue	<u>34,050</u>
Total current liabilities	108,266
Long-term liabilities	
Operating lease liability - net of current portion	<u>3,652</u>
Total long-term liabilities	3,652
Total liabilities	111,918
Net assets	
Net assets without donor restrictions	1,015,952
Net assets with donor restrictions	<u>39,890</u>
Total net assets	1,055,842
Total liabilities and net assets	<u><u>1,167,760</u></u>

San Antonio Pets Alive, Inc.
Statements of Activities and Changes in Net Assets
For the year ended December 31, 2020

	Unrestricted	Donor Restrictions	Total
Revenues			
Donations	-	1,049,902	1,049,902
Grants from foundations	-	400,605	400,605
Fees for services from City of San Antonio	325,758	-	325,758
Fundraising (net of direct fundraising costs)	36,411	-	36,411
Program fees	352,964	-	352,964
In-kind revenue	58,846	-	58,846
Release of funds with donor restrictions	1,429,009	(1,429,009)	-
Total revenues	2,202,988	21,498	2,224,486
Expenses			
Program expenses	1,254,643	-	1,254,643
General and administrative	216,134	-	216,134
Fundraising expenses	354,569	-	354,569
Total expenses	1,825,346	-	1,825,346
Change in net assets	377,642	21,498	399,140
Net assets - beginning of year	638,310	18,392	656,702
Net assets - end of year	1,015,952	39,890	1,055,842

San Antonio Pets Alive, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program	General & Administrative	Fundraising	Total
Auto expense	10,934	2,050	683	13,667
Bank charges and credit card fees	9,470	500	19,106	29,076
Conferences and conventions	-	346	-	346
Depreciation	7,498	1,406	468	9,372
Dues and subscriptions	3,613	677	226	4,516
Employee benefits	29,664	5,562	1,854	37,080
Grant writing services	-	-	8,616	8,616
In-kind rent	33,600	6,300	2,100	42,000
In-kind supplies and equipment	16,846	-	-	16,846
Insurance	11,641	2,183	729	14,553
Licenses and fees	149	28	9	186
Marketing and fundraising	22,422	1,445	19,147	43,014
Leadership consulting	4,813	902	302	6,017
Pet medical	165,443	-	-	165,443
Occupancy	53,315	9,996	3,333	66,644
Office expenses	25,083	4,704	1,569	31,356
Other	-	978	-	978
Payroll	810,739	174,646	294,956	1,280,341
Pet services	25,891	-	-	25,891
Professional fees	20,505	3,845	1,281	25,631
Training	1,899	356	118	2,373
Travel	1,118	210	72	1,400
Totals	1,254,643	216,134	354,569	1,825,346

San Antonio Pets Alive, Inc.
Statement of Cash Flows
For the year ended December 31, 2020

Cash flows from operating activities:

Change in net assets	399,140
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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	176,000
(Increase) / decrease in prepaid expenses	8,881
(Increase) / decrease in operating lease right-of-use asset	1,117
Increase / (decrease) in accounts payable	(906)
Increase / (decrease) in accrued expenses	14,740
Increase / (decrease) in payroll liabilities	2,612
Increase / (decrease) in unearned revenue	20,337
Increase / (decrease) in operating lease liability	(1,117)
Net increase in cash provided by operating activities	630,176

Cash flows used by investing activities:

Net cash used by investing activities	-
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Cash flows used by financing activities:

Net cash used by financing activities	-
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Net increase in cash	630,176
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Cash and cash equivalents - beginning of year	419,549
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Cash and cash equivalents - end of year	1,049,725
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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, 2020

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, 2020**

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, 2020 were partially restricted as to general use due to unspent contributions subject to donor-imposed restrictions in the amount of \$39,890.

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 \$606,124 as of December 31, 2020 and no losses were incurred as a result of the excess.

San Antonio Pets Alive, Inc.
Notes to Financial Statements
December 31, 2020

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. The pronouncement is effective for reporting periods beginning after December 15, 2019 with early adoption permitted.

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, 2020:

Vehicles	57,382
Medical equipment	12,383
Leasehold improvements	29,938
Total property and equipment	\$99,703
Less accumulated depreciation	(48,562)
Total property and equipment, net of depreciation	<u>\$60,391</u>

Depreciation expense for the year ended December 31, 2020 was \$9,375.

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, 2020). The maturity date of the loan is March 26, 2022. There was no outstanding balance on the line of credit as of December 31, 2020.

Note 5 – Lease Commitments

In January 2019, the Organization extended/renewed its animal clinic lease agreement for 12 months from February 1, 2020 through January 31, 2021. 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.

**San Antonio Pets Alive, Inc.
Notes to Financial Statements
December 31, 2020**

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 \$5,644 and the corresponding current and long-term lease liabilities of \$1,992 and \$3,652 respectively. The 12-month animal clinic lease is not subject to this presentation since the FASB pronouncement only applies to leases over 12 months.

The future operating lease costs for the next five years as of December 31, 2020 are as follows:

2021	1,992
2022	1,992
2023	1,660
2024 and after	-
Total	<u>\$5,644</u>

Rent expense for the animal clinic for the year ended December 31, 2020 was \$23,400.

Rent expense for the copy machine lease for the year ended December 31, 2020 was \$1,992.

Note 6 – Donated Services & Goods

Donated services or goods (in-kind) reported in the Statement of Activities at December 31, 2020:

Office rent	42,000
Supplies and equipment	16,846
Total	<u>\$58,846</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, 2020, the High Volume Per Partnership Agreement funding was approved through September 2021.

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, 2019

Note 9 – Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31, 2020:

Kitten food and kits	22,809
Medications	15,080
Software	<u>2,000</u>
Total net assets with donor restrictions	<u>\$39,890</u>
Amounts released from restrictions during year	<u>\$1,429,009</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 12/31/2020	1,049,725
Less those unavailable for general expenditures within one year, due to donor-imposed restrictions	<u>(39,890)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$1,009,835</u>

The Organization also had its \$200,000 line of credit fully available as of December 31, 2020 since there was no outstanding balance on the loan at that time.

Note 12 – Litigation

The Organization's management is not aware of any threatened or pending claims against it.