

**San Antonio Pets Alive, Inc.**

**Financial Statements**

**December 31, 2022**



**GREGORY & CRUTCHFIELD, LLC**  

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**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, 2022, 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, 2022, 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**

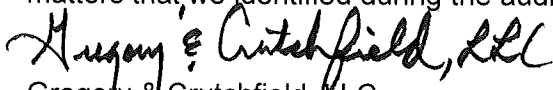
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance 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  
November 14, 2023

**San Antonio Pets Alive, Inc.**  
**Statement of Financial Position**  
**December 31, 2022**

Assets	
Current assets	
Cash in banks	1,385,700
Fee for service receivables	352,630
Prepaid expenses	<u>722</u>
Total current assets	1,739,052
Fixed assets	
Vehicles	57,382
Medical equipment	67,791
Leasehold improvements	29,938
Accumulated depreciation	<u>(73,900)</u>
Total fixed assets	81,211
Other assets	
Security deposit (administrative office lease)	3,588
Operating lease right-of-use asset	<u>129,847</u>
Total other assets	133,435
 Total assets	 <u><u>1,953,698</u></u>
Liabilities and Net Assets	
Current liabilities	
Accounts payable	45,522
Accrued expenses	37,947
Payroll liabilities	59,917
Operating lease liability - current portion	<u>99,164</u>
Total current liabilities	242,550
Long-term liabilities	
Operating lease liability - net of current portion	<u>30,683</u>
Total long-term liabilities	30,683
 Total liabilities	 273,233
Net assets	
Net assets without donor restrictions	1,680,465
Net assets with donor restrictions	<u>-</u>
Total net assets	1,680,465
 Total liabilities and net assets	 <u><u>1,953,698</u></u>

**San Antonio Pets Alive, Inc.**  
**Statements of Activities and Changes in Net Assets**  
**For the year ended December 31, 2022**

	Unrestricted	Donor Restrictions	Total
Revenues			
Donations	1,487,819	-	1,487,819
Grants from foundations	628,782	-	628,782
Fees for services from City of San Antonio	306,825	-	306,825
Fundraising (net of direct fundraising costs)	117,803	-	117,803
Program fees	308,077	-	308,077
Other revenue	4,593	-	4,593
In-kind revenue	103,277	-	103,277
Release of funds with donor restrictions	25,318	(25,318)	-
Total revenues	2,982,494	(25,318)	2,957,176
Expenses			
Program expenses	1,985,091	-	1,985,091
General and administrative	317,120	-	317,120
Fundraising expenses	417,320	-	417,320
Total expenses	2,719,531	-	2,719,531
Increase (decrease) in net assets	262,963	(25,318)	237,645
Net assets - beginning of year	1,417,502	25,318	1,442,820
Net assets - end of year	1,680,465	-	1,680,465

**San Antonio Pets Alive, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2022**

	Program	General & Administrative	Fundraising	Total
Accounting and IT services	65,386	12,260	4,087	81,733
Auto supplies / maintenance	18,588	3,485	1,162	23,235
Computer and IT equipment	11,462	2,149	716	14,327
Conferences & conventions	1,510	283	94	1,887
Depreciation	12,773	2,395	798	15,966
Dues and subscriptions	2,899	544	181	3,624
Employee benefits	68,017	12,753	4,251	85,021
Fees - credit card settlement, PayPal	28,580	5,359	1,786	35,725
Foster care	4,321	810	270	5,401
In-kind rent	33,600	6,300	2,100	42,000
In-kind supplies and equipment	49,021	9,192	3,064	61,277
Insurance - liability, D&O etc	14,336	2,688	896	17,920
Insurance - Workers comp	6,489	1,217	405	8,111
Leadership Consulting	9,600	1,800	600	12,000
Legal services	3,400	638	212	4,250
Licenses and fees	726	136	45	907
Marketing, advertising, fundraising	15,488	885	13,128	29,501
Meals and entertainment	-	5,855	-	5,855
Medical care	1,718	-	-	1,718
Medical - medication	98,980	-	-	98,980
Medical - procedures	232,092	-	-	232,092
Medical - supplies	37,181	-	-	37,181
Medical - tests	31,813	-	-	31,813
Office supplies	6,126	1,148	384	7,658
Other property services	7,945	1,490	497	9,932
Payroll expenses - employer taxes	77,576	16,545	28,431	122,552
Payroll expenses - payroll fees	35,212	6,569	10,774	52,555
Payroll expenses - salaries /wages	929,321	197,784	335,164	1,462,269
Pet care equipment & supplies	44,155	-	-	44,155
Pet food, formulas & supplements	4,335	-	-	4,335
Postage	3,630	681	226	4,537
Printing	9,087	1,704	568	11,359
Rent and parking	54,826	10,280	3,427	68,533
Repairs and maintenance	15,747	2,953	984	19,684
Software & subscriptions	16,548	3,103	1,034	20,685
Staff training & CE	2,539	476	158	3,173
Transport & boarding	2,488	467	155	3,110
Travel and lodging	1,769	332	110	2,211
Utilities - electricity	25,807	4,839	1,613	32,259
	1,985,091	317,120	417,320	2,719,531

**San Antonio Pets Alive, Inc.**  
**Statement of Cash Flows**  
**For the year ended December 31, 2022**

Cash flows from operating activities:

Increase (decrease) in net assets	237,645
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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	(161,880)
(Increase) / decrease in prepaid expenses	9,355
(Increase) / decrease in security deposit	(3,588)
(Increase) / decrease in operating lease right-of-use asset	(122,317)
Increase / (decrease) in accounts payable	35,805
Increase / (decrease) in accrued expenses	(39,319)
Increase / (decrease) in payroll liabilities	55,078
Increase / (decrease) in unearned revenue	(43,125)
Increase / (decrease) in operating lease liability	122,317
Net increase in cash provided by operating activities	105,937

Cash flows used by investing activities:

Purchases of equipment	(46,158)
Net cash used by investing activities	(46,158)

Cash flows used by financing activities:

None	-
Net cash used by financing activities	-

Net increase in cash	59,779
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Cash and cash equivalents - beginning of year	1,325,921
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Cash and cash equivalents - end of year	1,385,700
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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, 2022**

**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, 2022**

**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.

**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. Accounts receivable for the prior year ended December 31, 2021 were \$190,750.

**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, 2022, one bank account balance exceeded the FDIC insured limit by \$428,521 and another account at a different bank had an excess balance of \$253,266. No losses were incurred as a result of these balances in excess of the FDIC limits.

**San Antonio Pets Alive, Inc.  
Notes to Financial Statements  
December 31, 2022**

**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, 2022:

Vehicles	57,382
Medical equipment	67,791
Leasehold improvements	29,938
Total property and equipment	<u>\$155,111</u>
Less accumulated depreciation	<u>(73,900)</u>
Total property and equipment, net of depreciation	<u><u>\$81,211</u></u>

Depreciation expense for the year ended December 31, 2022 was \$15,966.

**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% (8.75% at December 31, 2022). The maturity date of the loan is March 26, 2023. There was no outstanding balance on the line of credit as of December 31, 2022.

**Note 5 – Lease Commitments**

On February 1, 2022, the Organization amended its animal clinic lease agreement for 24 months from February 1, 2022 through January 31, 2024. 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 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.

**San Antonio Pets Alive, Inc.  
Notes to Financial Statements  
December 31, 2022**

**Note 5 – Lease Commitments – *continued***

The Organization has a month-to-month lease agreement for storage. The monthly lease payment was \$411 as of December 31, 2022.

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, 2022 the present value of the operating lease right-of-use asset of \$129,847 and the corresponding current and long-term lease liabilities of \$99,164 and \$30,683 respectively.

The future operating lease costs for the next five years as of December 31, 2022 are as follows:

2023	99,164
2024	35,570
2025	-
2026 and after	-
Total	<u>\$134,734</u>

The following are rent expense totals by lease type for the year ended December 31, 2022:

Animal clinic lease - \$23,400  
Copy machine lease - \$1,992  
Administration office lease - \$36,200  
Storage facility lease - \$4,782

**Note 6 – Donated Services & Goods**

Donated services or goods (in-kind) reported in the Statement of Activities at December 31, 2022:

Office rent	42,000
Supplies and equipment	61,277
Total	<u>\$103,277</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, 2022, the High Volume Pet Partnership Agreement funding was approved through September 2023.

**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, 2022**

**Note 9 – Net Assets with Donor Restrictions**

There were no net assets with donor restrictions as of December 31, 2022. There were net assets with donor restrictions that were released from restrictions during the current year in the amount of \$25,318.

**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 12/31/2022	\$1,738,330
Less amounts needed to cover current liabilities as of December 31, 2022	<u>(242,550)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$1,495,780</u>

The Organization also had its \$200,000 line of credit fully available as of December 31, 2022.

**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, 2022 the lawsuit was still pending.