PLANNED PETHOOD OF GEORGIA, INC.

(A Nonprofit Organization)

FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

BRADY WARE & SCHOENFELD

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BRADY WARE & SCHOENFELD

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Planned Pethood of Georgia, Inc.
Atlanta, Georgia

Unmodified Opinion on 2023 Statement of Financial Position and Qualified Opinion on 2023 Change in Net Assets and 2022 Financial Statements

We have audited the accompanying financial statements which comprise the statement of financial position of **Planned Pethood of Georgia, Inc.** (a nonprofit organization), as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects on the 2022 financial statements and the statements of activities, functional expenses, and cash flows for the year ended December 31, 2023 of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of **Planned Pethood of Georgia, Inc.** as of December 31, 2023 and 2022, and the change in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Unmodified Opinion on 2023 Statement of Financial Position and Qualified Opinion on 2023 Change in Net Assets and 2022 Financial Statements

We were unable to perform sufficient audit procedures on inventory in the 2022 financial statements because accounting records for the Thrift Store were inadequate for us to obtain sufficient appropriate audit evidence about the valuation of inventory by other auditing procedures. In addition, because of the inadequacy of the accounting records, we were unable to form an opinion regarding the valuation of inventory recorded in the statement of financial position as of December 31, 2022.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Planned Pethood of Georgia, Inc.** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified audit opinion on the 2023 statement of financial position and qualified opinion on the 2022 financial statements and the statements of activities and change in net assets, statement of functional expenses and statement of cash flows for the year ended December 31, 2023.

INDEPENDENT AUDITORS' REPORT - CONTINUED

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 is 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 **Planned Pethood of Georgia, Inc.'s** ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 **Planned Pethood of Georgia, 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 **Planned Pethood of Georgia, Inc.'s** ability to continue as a going concern for a reasonable period of time.

BRADY WARE & SCHOENFELD

INDEPENDENT AUDITORS' REPORT - CONTINUED

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.

Brady, Ware & Schoenfeld, Inc.

Atlanta, Georgia
November 12, 2024

PLANNED PETHOOD OF GEORGIA, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	$ 160,954	$ 36,375
Accounts receivable	46,096	29,834
Inventories	89,062	96,625
Prepaid and other	8,250	2,500
Total current assets	304,362	165,334
PROPERTY AND EQUIPMENT, NET	111,885	136,208
OPERATING LEASE RIGHT-OF-USE ASSETS	68,479	176,421
DEPOSITS	9,245	9,245
	$ 493,971	$ 487,208
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 100,439	$ 67,694
Accrued liabilities	77,785	59,898
Line of credit	35,000	10,000
Current maturities of operating lease liabilities	68,479	107,942
Deferred revenue	23,175	15,000
Total current liabilities	304,878	260,534
OPERATING LEASE LIABILITIES, NET OF CURRENT MATURITIES	-	68,479
Total liabilities	304,878	329,013
NET ASSETS		
Net assets without donor restrictions	174,503	133,149
Net assets with donor restrictions	14,590	25,046
Total net assets	189,093	158,195
	$ 493,971	$ 487,208

See notes to financial statements.

PLANNED PETHOOD OF GEORGIA, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Spay and neuter and veterinary services revenue	$ 1,958,802	$ -	**$ 1,958,802**
Rescue and adopt revenue	60,763	-	**60,763**
Thrift store sales	105,061	-	**105,061**
Contributions and grants	425,129	59,500	**484,629**
Contributions of nonfinancial assets	190,256	-	**190,256**
Fundraising events	164,845	-	**164,845**
Online pharmacy income	7,527	-	**7,527**
Gain on sale of vehicle	2,800	-	**2,800**
Net assets released from restrictions:			
Restrictions satisfied by payments	69,956	(69,956)	**-**
Total revenue and support	2,985,139	(10,456)	**2,974,683**
FUNCTIONAL EXPENSES			
Program services:			
Spay and neuter and veterinary services	1,306,887	-	**1,306,887**
County Services	442,336	-	**442,336**
Wellness	241,333	-	**241,333**
Outreach	172,122	-	**172,122**
Rescue and adopt	240,539	-	**240,539**
Thrift store	174,814	-	**174,814**
Supporting services:			
Management and general	281,332	-	**281,332**
Fundraising	84,422	-	**84,422**
Total functional expenses	2,943,785	-	**2,943,785**
CHANGE IN NET ASSETS	41,354	(10,456)	**30,898**
NET ASSETS			
Beginning of year	133,149	25,046	**158,195**
End of year	$ 174,503	$ 14,590	**$ 189,093**

PLANNED PETHOOD OF GEORGIA, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Spay and neuter and veterinary services revenue	$ 1,673,460	$ -	**$ 1,673,460**
Rescue and adopt revenue	65,443	-	**65,443**
Thrift store sales	75,379	-	**75,379**
Contributions and grants	375,009	61,903	**436,912**
Contributions of nonfinancial assets	153,880	-	**153,880**
Fundraising events	101,080	-	**101,080**
Online pharmacy income	5,219	-	**5,219**
Gain on sale of vehicle	1,000	-	**1,000**
Net assets released from restrictions:			
Restrictions satisfied by payments	51,356	(51,356)	**-**
Total revenue and support	2,501,826	10,547	**2,512,373**
FUNCTIONAL EXPENSES			
Program services:			
Spay and neuter and veterinary services	1,227,823	-	**1,227,823**
County services	397,209	-	**397,209**
Wellness	172,090	-	**172,090**
Outreach	129,977	-	**129,977**
Rescue and adopt	381,037	-	**381,037**
Thrift Store	172,020	-	**172,020**
Supporting services:			
Management and general	248,299	-	**248,299**
Fundraising	67,389	-	**67,389**
Total functional expenses	2,795,844	-	**2,795,844**
CHANGE IN NET ASSETS	(294,018)	10,547	**(283,471)**
NET ASSETS			
Beginning of year	427,167	14,499	**441,666**
End of year	$ 133,149	$ 25,046	**$ 158,195**

PLANNED PETHOOD OF GEORGIA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2023

	Program Services						Supporting Services		
	Spay and Neuter	County Services	Wellness	Outreach	Rescue and Adopt	Thrift Store	Management and General	Fundraising	Total
In-kind:									
Medical supplies	$ 41,099	$ -	$ 15,078	$ 11,937	$ -	$ -	$ -	$ -	**$ 68,114**
Professional Fees	-	-	-	-	-	-	31,720	-	**31,720**
Pet food and supplies	-	-	-	8,213	8,212	-	-	-	**16,425**
Other	-	-	-	-	-	70,361	-	-	**70,361**
Total In-kind	41,099	-	15,078	20,150	8,212	70,361	31,720	-	**186,620**
Veterinary supplies and other	447,876	47,253	58,285	31,797	54,004	20,251	-	-	**659,466**
Advertising and promotion	-	-	-	-	2,860	953	9,535	81,996	**95,344**
Bank and credit card fees	20,098	-	6,930	-	1,386	2,079	1,733	2,426	**34,652**
Auto expenses	-	-	-	2,440	651	-	163	-	**3,254**
Employee benefits	19,463	7,352	865	1,297	3,893	432	9,948	-	**43,250**
Employee expenses	1,469	154	219	-	110	-	241	-	**2,193**
Depreciation expense	9,243	-	3,405	4,865	3,648	730	2,432	-	**24,323**
Insurance	-	-	-	6,334	2,112	-	5,631	-	**14,077**
Interest	-	-	-	-	-	-	2,274	-	**2,274**
Occupancy	40,573	-	13,911	3,478	9,274	40,574	8,115	-	**115,925**
Office expenses	24,443	-	2,716	2,173	16,295	3,259	5,432	-	**54,318**
Professional fees	-	-	-	-	-	-	21,684	-	**21,684**
Repairs and maintenance	1,465	-	46	-	46	45	2,975	-	**4,577**
Information technology	2,171	255	766	-	383	-	9,194	-	**12,769**
Payroll and related	677,666	387,238	129,079	96,809	129,079	32,270	161,349	-	**1,613,490**
Travel and related	84	84	2,010	419	1,507	84	4,187	-	**8,375**
Utilities	21,237	-	8,023	2,360	7,079	3,776	4,719	-	**47,194**
Total functional expenses	$ 1,306,887	$ 442,336	$ 241,333	$ 172,122	$ 240,539	$ 174,814	$ 281,332	$ 84,422	**$ 2,943,785**
Percent of total	44%	15%	8%	6%	8%	6%	10%	3%	**100%**

PLANNED PETHOOD OF GEORGIA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022

	Program Services						Supporting Services		
	Spay and Neuter	**County Services**	**Wellness**	**Outreach**	**Rescue and Adopt**	**Thrift Store**	**Management and General**	**Fundraising**	**Total**
In-kind:									
Medical supplies	$ 4,261	$ -	$ 2,533	$ 12,482	$ -	$ -	$ -	$ -	**$ 19,276**
Professional Fees	-	-	-	-	-	-	38,160	-	**38,160**
Pet food and supplies	4,027	-	-	4,027	4,027	1,343	-	-	**13,424**
Other	-	-	-	-	-	75,379	-	1,000	**76,379**
Total In-kind	8,288	-	2,533	16,509	4,027	76,722	38,160	1,000	**147,239**
Veterinary supplies and other	404,981	-	54,727	-	87,563	-	-	-	**547,271**
Advertising and promotion	-	-	-	3,665	2,199	733	3,666	63,042	**73,305**
Bank and credit card fees	17,739	-	8,367	-	2,008	1,674	335	3,347	**33,470**
Auto expenses	-	-	-	6,473	3,237	-	1,080	-	**10,790**
Employee benefits	25,550	7,362	1,299	866	2,165	866	5,197	-	**43,305**
Employee expenses	4,024	787	350	962	1,487	87	1,050	-	**8,747**
Depreciation expense	6,320	-	5,266	6,056	5,266	790	2,632	-	**26,330**
Insurance	-	-	-	5,922	6,909	-	6,909	-	**19,740**
Interest	-	-	-	-	-	-	272	-	**272**
Occupancy	32,734	-	14,674	3,386	11,288	39,506	11,287	-	**112,875**
Office expenses	20,197	-	9,233	2,308	19,620	577	5,772	-	**57,707**
Professional fees	-	-	-	-	-	-	25,391	-	**25,391**
Repairs and maintenance	3,178	-	1,232	324	973	130	649	-	**6,486**
Information technology	1,802	-	601	-	300	-	7,309	-	**10,012**
Payroll and related	679,645	388,369	64,728	80,910	226,548	48,546	129,456	-	**1,618,202**
Travel and related	1,382	691	-	207	277	-	4,355	-	**6,912**
Utilities	21,983	-	9,080	2,389	7,170	2,389	4,779	-	**47,790**
Total functional expenses	$ 1,227,823	$ 397,209	$ 172,090	$ 129,977	$ 381,037	$ 172,020	$ 248,299	$ 67,389	**$ 2,795,844**
Percent of total	44%	14%	6%	5%	14%	6%	9%	2%	**100%**

See notes to financial statements.

PLANNED PETHOOD OF GEORGIA, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2023 and 2022

	2023	2022
OPERATING ACTIVITIES		
Change in net assets	**$ 30,898**	$ (283,471)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	**24,323**	26,330
Amortization of right-of-use assets	**107,942**	176,421
Gain on sale of vehicles	**(2,800)**	(1,000)
	160,363	(81,720)
Changes in operating assets and liabilities:		
Accounts receivable	**(16,262)**	(20,704)
Inventories	**7,563**	(23,262)
Prepaid and other	**(5,750)**	8,475
Deposits	**-**	(2,150)
Accounts payable	**32,745**	16,609
Accrued liabilities	**17,887**	14,366
Deferred revenue	**8,175**	15,000
Operating lease liabilities	**(107,942)**	(176,421)
Net cash provided (used) by operating activities	**96,779**	(249,807)
INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	**2,800**	1,000
FINANCING ACTIVITIES		
Borrowings from line of credit	**25,000**	10,000
NET INCREASE (DECREASE) IN CASH	**124,579**	(238,807)
CASH		
Beginning of year	**36,375**	275,182
End of year	**$ 160,954**	$ 36,375
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Noncash transactions:		
Interest expense	**$ 2,274**	$ 272

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Planned Pethood of Georgia, Inc. ("PPOG"), a Georgia nonprofit organization, was founded in 2010 to provide affordable, accessible spay and neuter services to the public, other nonprofit organizations and to county animal shelters. PPOG offers veterinary health services to the general public at rates that are substantially lower than for-profit clinics. PPOG operated a thrift store to support the public, as well as generate income to support their mission. The Thrift Store permanently closed on December 16, 2023. PPOG also provides assistance in rescue, fostering, and adopting cats and dogs.

Basis of Presentation - The financial statement presentation follows the recommendations of generally accepted accounting principles. PPOG is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. These net assets may be used at the discretion of PPOG management or designated by the board of directors. There are no board designated net assets as of December 31, 2023 and 2022.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. PPOG did not have any net assets to be held in perpetuity at December 31, 2023 and 2022.

Functional Allocation of Expenses - Directly identifiable expenses are charged to programs and supporting services. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. Expenses are allocated based on direct identification, except for salaries and benefits, occupancy expenses and veterinary supplies and other. Salaries and benefits are allocated based on estimates of time and effort, occupancy and depreciation are allocated on a square footage basis, and veterinary supplies and other are allocated based on the estimated usage of supplies within each of the programs benefited.

Financial Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Contributions and Revenue - Contributions received are recorded as support and revenue without donor restrictions and with donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Adoption of New Accounting Standards - In June 2016, the Financial Accounting Standards Board ("FASB") issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by PPOG that are subject to the guidance in FASB ASC 326 were reported in the statements of financial position as accounts receivable.

PPOG adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

Accounts Receivable - Accounts receivable consists of amounts due in connection with various arrangements with rural county animal shelters and rescue organizations. PPOG recognizes an allowance for losses on accounts receivable in an amount equal to the current expected credit losses. The estimation of the allowance is based on an analysis of historical loss experience, current receivables aging, and management’s assessment of current conditions and reasonable and supportable expectation of future conditions, as well as an assessment of specific identifiable customer accounts considered at risk or uncollectible. PPOG assesses collectability by pooling receivables where similar characteristics exist and evaluates receivables individually when specific customer balances no longer share those risk characteristics and are considered at risk or uncollectible. The expense associated with the allowance for expected credit losses is recognized in operating expenses. Management has deemed no allowance was necessary at December 31, 2023 and 2022.

The Company writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be offset to credit loss expense in the year of recovery. There were no writeoffs of credit losses for the years 2023 and 2022.

Inventories - Inventories consist principally of veterinary supplies and medication and are stated at the lower of cost (first-in, first-out method) and net realizable value, with estimates of quantities and prices used in some cases. Thrift store inventory was received primarily through contributions and recorded at fair market value which approximates net realizable value as defined by generally accepted accounting principles. The thrift store closed permanently in December 2023 and virtually any remaining inventory was donated to other organizations.

Property and Equipment - Property and equipment are stated at cost and depreciated over their estimated useful lives using the straight-line method. Routine repairs and maintenance are charged to expense when incurred and renewals and betterments are capitalized. When property and equipment are retired or sold, the related cost and accumulated depreciation are removed from the respective accounts, and the resulting gains and losses are included in income/loss.

PPOG reviews for impairment of long-lived assets in accordance with accounting standards. These standards require companies to determine if changes in circumstances indicate that the carrying amount of its long-lived assets may not be recoverable. If a change in circumstances warrants such an evaluation, undiscounted future cash flows from the use and ultimate disposition of the asset, as well as respective market values, are estimated to determine if an impairment exists. Management believes that there has been no impairment of the carrying value of its long-lived assets at December 31, 2023 and 2022.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Leases - PPOG leases a building for veterinary and administrative space and a retail store. PPOG determines if an arrangement is a lease at inception. Operating leases are included in operating lease ROU assets, and current and long-term operating lease liabilities on the statement of financial position. The retail store lease expired at the end of December 2023 and was not renewed.

ROU assets represent PPOG's right to use an underlying asset for the lease term and lease liabilities represent their obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As PPOG's operating leases do not provide an implicit rate, PPOG uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU assets also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that it will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

PPOG's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

PPOG had lease agreements with lease and non-lease components, which are generally accounted for separately. For certain leases, such as the veterinary clinic, administrative office space and the thrift store lease, PPOG accounts for the lease and non-lease components as a single lease component. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease components is revised from one period to the next. These variable lease payments, which are primarily comprised of common area maintenance, insurance and taxes are recognized in operating expenses in the period in which the obligation for those payments was incurred.

PPOG has elected to apply the short-term lease exemption to one of their classes of underlying assets. In 2023, PPOG has only one lease within this class of underlying asset that qualify for the exemption.

Income Taxes - PPOG is a nonprofit organization and is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3), except on net income derived from unrelated business activities. Accordingly, no provision for income taxes is presented in these financial statements. PPOG is not considered to be a private foundation.

Uncertainty in Tax Positions - Accounting standards require the evaluation of tax positions taken, or expected to be taken, in the course of preparing PPOG's tax returns, to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. This statement provides that a tax benefit from an uncertain tax position may be recognized in the financial statements only when it is "more-likely-than-not" the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based upon the technical merits and consideration of all available information. Once the recognition threshold is met, the portion of the tax benefit that is recorded represents the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with a taxing authority. Based on its review, management does not believe PPOG has taken any material uncertain tax positions, including any position that would place PPOG's exempt status in jeopardy, as of December 31, 2023 and 2022.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Reclassifications - Certain prior year amounts have been reclassified to conform with current year presentation.

Subsequent Events - PPOG has evaluated subsequent events through November 12, 2024, the date which the financial statement were available to be issued.

NOTE 2 - REVENUE RECOGNITION

PPOG derives its revenue primarily from contributions, grants, spay and neuter and other veterinary services revenue, rescue and adopt revenue, thrift store sales, online pharmacy sales, and fundraising events. Contributions and grants are accounted for under contribution guidance established by ASU 2018-08. Spay and neuter revenue, rescue and adopt revenue, thrift store sales, and online pharmacy sales are recognized at the point of sale or time services are rendered, and fundraising events revenue is recognized at the time of the event, in amounts that reflect the consideration PPOG expects to be entitled to and in exchange for the value provided from the goods sold and benefit received during the event. Sales and other taxes PPOG collects concurrent with revenue-producing activities are excluded from revenue. Incidental items that are immaterial in the context of the contracts are recognized as expense. Costs incurred to obtain a contract are expensed as incurred when the amortization period is less than a year.

PPOG's contracts related to fundraising events are cancelable at any time by either party. All spay and neuter revenue, rescue and adopt revenue, thrift store sales, and online pharmacy sales are final. PPOG's standard payment terms for fundraising events are typically due before the scheduled event, and payment terms for spay and neuter revenue, rescue and adopt revenue, thrift store sales, and online pharmacy sales are due at the point of sale or time services are rendered. Payment terms can vary based upon the entity that is paying. PPOG does not have any significant financing components. There is no variable consideration related to services provided.

Contract assets consist of accounts receivable in connection with veterinary clinic services as of December 31, 2023 and 2022 and are presented on the statement of financial position. At January 1, 2022, accounts receivable totaled $9,130. Contract liabilities consist of customer deposits for wellness and spay and neuter services as of December 31, 2023 and 2022 and are presented on the statement of financial position as deferred revenue.

Revenue from performance obligations satisfied at a point in time consist of fundraising event revenue, spay and neuter and other veterinary services revenue, rescue and adopt revenue, thrift store sales, online pharmacy sales, and registration fees for fundraising events.

NOTE 3 - LIQUIDITY AND AVAILABILITY

PPOG monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. PPOG has the following financial assets less those unavailable for general expenditure within one year.

	2023	2022
Financial Assets		
Cash	$ 160,954	$ 36,375
Accounts receivable	46,096	29,834
Total financial assets	207,050	66,209
Less those unavailable for general expenditure within one year		
Purpose restrictions	14,590	25,046
Financial assets available within one year of statement of financial position date for general expenditure	$ 192,460	$ 41,163

In addition to financial assets available to meet general expenditures over the year, PPOG anticipates covering its general expenditures by collecting revenue from program services, contributions and grants and fundraising activities. In addition, PPOG has access to a line of credit. See Note 7.

NOTE 4 - INVENTORIES

Inventories at December 31, 2023 and 2022 consist of the following:

	2023	2022
Veterinary clinic	$ 88,562	$ 77,592
Thrift store	500	19,033
	$ 89,062	$ 96,625

NOTE 5 - PROPERTY AND EQUIPMENT

	2023	2022
Furniture and fixtures	$ 60,760	$ 60,760
Vehicles	48,718	51,442
Leasehold improvement	107,005	107,005
Total cost	216,483	219,207
Less accumulated depreciation	104,598	82,999
	$ 111,885	$ 136,208

Depreciation expense was $24,323 and $26,330 for the years 2023 and 2022.

NOTE 6 - LEASING ACTIVITIES

PPOG has operating leases for veterinary and administrative space. The leases have remaining lease terms of less than 1 year. The leases have not been renewed as of the date the financial statements are available to be issued. The thrift store lease ended October 2023, then was extended for two months on a month-to-month basis. The lease was not renewed.

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2023 and 2022:

	2023	2022
Weighted Average Remaining Lease Term		
Operating leases	**0.92 years**	1.71 years
Weighted Average Discount Rate		
Operating leases	**0.95%**	0.90%

The maturities of lease liabilities as of December 31, 2023 were as follows:

Year Ending:	
2024	$ 68,750
Less imputed interest	(271)
Total lease liabilities	$ 68,479

The following summarizes the line items in the statements of functional expenses which include the components of lease expense for the years ended December 31, 2023 and 2022:

	2023	2022
Operating lease costs allocated in statements of functional expenses:		
Fixed lease costs	**$ 109,000**	$ 112,875
Short term lease expense	**6,925**	-
Total operating lease expense	**$ 115,925**	$ 112,875

The following summarizes cash flow information related to leases for the years ended December 31, 2023 and 2022:

	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	**$ 109,000**	$ 115,800

NOTE 7 - LINE OF CREDIT

PPOG obtained a $100,000 line of credit from a financial institution on August 11, 2022. The line of credit was renewed on August 10, 2023 and matures on November 8, 2024. Management renewed the line of credit, effective November 8, 2024. Interest is payable at the prime rate (10.95% and 7.3% at December 31, 2023 and 2022). The balance on the line of credit was $35,000 and $10,000 at December 31, 2023 and 2022.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at December 31, 2023 and 2022:

	2023	2022
Subject to expenditure for specified purposes:		
Pit bull assistance	**$ 9,490**	$ 9,805
Program support and software	**4,100**	-
Spay and neuter	**1,000**	15,241
	$ 14,590	$ 25,046

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the years ended December 31, 2023 and 2022:

	2023	2022
Satisfaction of purpose restrictions:		
Program support and software	**$ 5,900**	$ -
Outreach	**24,000**	5,000
Pit bull assistance	**17,815**	195
Rescue and adopt	**3,000**	30,000
Spay and neuter	**19,241**	16,161
	$ 69,956	$ 51,356

NOTE 9 - RETIREMENT PLAN

PPOG has a 401(k) Profit Sharing plan for all eligible employees. The plan provides for voluntary contributions up to the maximum allowed by the Internal Revenue Code. Employees are vested immediately. PPOG made contributions to the plan in the amount of $2,088 and $1,413 for 2023 and 2022.

NOTE 10 - CONTRIBUTIONS OF NONFINANCIAL ASSETS

	2023	2022
Professional services	**$ 31,720**	$ 38,160
Office supplies	**3,636**	6,640
Gala supplies	**-**	1,000
Thrift store merchandise	**70,361**	75,379
Medical supplies	**68,114**	19,276
Pet food and supplies	**16,425**	13,425
	$ 190,256	$ 153,880

NOTE 10 - CONTRIBUTIONS OF NONFINANCIAL ASSETS - CONTINUED

PPOG recognized contributed professional services, thrift store merchandise, office supplies, gala supplies, medical supplies, and pet food and supplies.

Professional services consist of donated professional hours, including attorney services and accounting services. Professional services are valued based on the estimated current market price at the date services are provided.

Office supplies consists of shelving, computers, gift cards, food, cleaning supplies, workplace supplies, and storage supplies. Office supplies are valued at their estimated fair market value at the time of donation.

PPOG holds a yearly gala to spread awareness of their mission and to generate revenue for their programs. During this event, it is common to collect donated supplies that have an intended internal use. Gala supplies consist of donated food and beverage that are valued at fair market value at the time of donation, and can be used for the event.

Thrift store merchandise consisted of goods donated by business and individual donors. Revenue derived from the sale of the donated items is reported in thrift store revenue in the accompanying statement of activities and helps fund the operations and services PPOG provides. Thrift store merchandise items were valued based on the thrift store selling price.

Medical supplies consist of goods donated by other animal welfare organizations and individual donors and are primarily used by the Spay and Neuter clinic, the Wellness clinic and Outreach programs. The nature of the items include pet medication, vaccines, microchips, medical gauze, Clorox wipes, hand sanitizer spray, surgical gloves, styptic powder, and cat dental wipes. Medical supplies are valued at their retail (or wholesale) price at the time they are acquired.

Pet food and supplies consist of nutritional items, and new and gently used blankets, towels, and other comforting items for the animals. These donations come from business and individual donors and are primarily used by the Rescue and Adopt and the Outreach programs. Pet food and supplies are valued at their estimated fair market value at the time of donation based on the product's new or gently used status.