

Adopt-A-Dog, Inc.

Financial Statements

December 31, 2024

== MASOTTI & MASOTTI LLC ==

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Adopt-A-Dog, Inc.

Opinion

We have audited the accompanying financial statements of Adopt-A-Dog, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Adopt-A-Dog, Inc. as of December 31, 2024, 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 Adopt-A-Dog, 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 Adopt-A-Dog, Inc. 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 Adopt-A-Dog, Inc. 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 Adopt-A-Dog, Inc. 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.

Masotti & Masotti, LLC

Stamford, Connecticut
May 9, 2025

ADOPT-A-DOG, INC.

Statement of Financial Position
December 31, 2024

<u>Assets</u>	
<u>Current Assets</u>	
Cash and Cash Equivalents	\$ 2,338,638
Investments	591,876
Contributions Receivable	22,691
Miscellaneous Receivables	18
Inventory	6,029
Total Current Assets	<u>\$ 2,959,252</u>
 <u>Fixed Assets</u>	
Fixed Assets	\$ 1,879,877
Accumulated Depreciation	(956,379)
Net Fixed Assets	<u>\$ 923,498</u>
 Total Assets	 <u><u>\$ 3,882,750</u></u>
 <u>Liabilities and Net Assets</u>	
<u>Current Liabilities</u>	
Accrued Expenses	\$ 32,426
Deferred Grant Contributions	50,000
Total Current Liabilities	<u>\$ 82,426</u>
 <u>Net Assets</u>	
Without Donor Restrictions	\$ 3,800,324
With Donor Restrictions	-
Total Net Assets	<u>\$ 3,800,324</u>
 Total Liabilities and Net Assets	 <u><u>\$ 3,882,750</u></u>

See accompanying notes and auditor's report

ADOPT-A-DOG, INC.

Statement of Activities
For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities:			
Support and Revenues:			
Contributions	\$ 619,936	\$ -	\$ 619,936
Program Services	153,959	-	153,959
Contributions of Nonfinancial Assets:			
Donations in Kind - Program	17,100	-	17,100
Donations in Kind - Fund Raising	21,971	-	21,971
Fund Raising	139,376	-	139,376
License Fee Income	12	-	12
Total Support and Revenues	<u>\$ 952,354</u>	<u>\$ -</u>	<u>\$ 952,354</u>
Expenses:			
Program Services	\$ 781,821	\$ -	\$ 781,821
General and Administrative	87,951	-	87,951
Fund Raising	96,216	-	96,216
Total Expenses	<u>\$ 965,988</u>	<u>\$ -</u>	<u>\$ 965,988</u>
Change In Net Assets from Operating Activities:	<u>\$ (13,634)</u>	<u>\$ -</u>	<u>\$ (13,634)</u>
Nonoperating Activities:			
Investment Income:			
Net Unrealized Gains	\$ 75,175	\$ -	\$ 75,175
Realized Loss	(1,432)	-	(1,432)
Interest and Dividend Income	139,129	-	139,129
Total Investment Income	<u>\$ 212,872</u>	<u>\$ -</u>	<u>\$ 212,872</u>
Change In Net Assets from Nonoperating Activities:	<u>\$ 212,872</u>	<u>\$ -</u>	<u>\$ 212,872</u>
Total Change In Net Assets	\$ 199,238	\$ -	\$ 199,238
Net Assets, Beginning of Year	<u>3,601,086</u>	<u>-</u>	<u>3,601,086</u>
Net Assets, End of Year	<u>\$ 3,800,324</u>	<u>\$ -</u>	<u>\$ 3,800,324</u>

See accompanying notes and auditor's report

ADOPT-A-DOG, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2024

	Program Services	General and Administrative	Fund Raising	Total Expenses
Salaries	\$ 355,336	\$ 37,689	\$ 33,882	\$ 426,907
Payroll Taxes	34,640	2,291	1,739	38,670
Advertising			185	185
Credit Card Charges		2,900		2,900
Depreciation	55,994			55,994
Donations in Kind	17,100		21,971	39,071
Employee Benefits	10,714	425	362	11,501
Entertainment			3,249	3,249
Equipment Rental			16,369	16,369
Insurance	21,270	1,370	254	22,894
Licenses and Permits	1,188	50	1,360	2,598
Maintenance and Repairs	13,408			13,408
Marketing and Public Relations	31,277		10,676	41,953
Miscellaneous			2,879	2,879
Office and Technology	33,581	705	886	35,172
Pet Assistance Program	201			201
Professional Fees	14,183	42,521		56,704
Shelter Related Expenses	8,002			8,002
Staff Expenses and Meetings	5,952			5,952
Supplies			2,404	2,404
Transport Fees	18,117			18,117
Utilities	40,076			40,076
Vehicle Expenses	9,861			9,861
Veterinarian Expenses	110,921	-	-	110,921
Total	<u>\$ 781,821</u>	<u>\$ 87,951</u>	<u>\$ 96,216</u>	<u>\$ 965,988</u>

See accompanying notes and auditor's report

ADOPT-A-DOG, INC.

Statement of Cash Flows
For the Year Ended December 31, 2024

Cash Flows From Operating Activities

Change in Net Assets	\$ 199,238
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	55,994
Unrealized Gains on Investments	(75,175)
Loss on Sale of Investments	1,432
(Increase) Decrease in Assets	
Contributions Receivable	(15,581)
Miscellaneous Receivables	1,773
Prepaid Expenses	1,355
Inventory	3,121
Increase (Decrease) in Liabilities	
Accrued Expenses	16,780
Deferred Grant Contributions	50,000
Deferred Contributions	(200)
Deposits Payable	(4,500)
Net Cash Provided by Operating Activities	<u>\$ 234,237</u>

Cash Flows From Investing Activities

Purchase of Fixed Assets	\$ (8,963)
Proceeds from Sale of Investments	325,000
Purchase of Investments	(36,510)
Reinvested Dividends	(12,582)
Net Cash Provided by Investing Activities	<u>\$ 266,945</u>

Cash Flows From Financing Activities

	\$ -
Net Increase in Cash and Cash Equivalents	\$ 501,182
Cash and Cash Equivalents, Beginning of Year	<u>1,837,456</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 2,338,638</u></u>

Supplemental Disclosures of Cash Flow Information:

Cash Paid During the Year For:

Income Taxes Paid	\$ -
Interest Paid	<u><u>\$ -</u></u>

See accompanying notes and auditor's report

Adopt-A-Dog, Inc.

Notes to Financial Statements
December 31, 2024

NATURE OF OPERATIONS

Adopt-A-Dog, Inc, (Adopt-A-Dog) is a not-for-profit corporation established under the laws of the State of Connecticut in 1981. Adopt-A-Dog secures homes for homeless dogs that are being cared for at their kennel, as well as dogs held for adoption at local animal shelters or by private individuals. Adopt-A-Dog supports its operations through contributions and various fund-raising events.

SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Adopt-A-Dog have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). ASC 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Adopt-A-Dog and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Adopt-A-Dog. Adopt-A-Dog board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Adopt-A-Dog or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

The Adopt-A-Dog recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Adopt-A-Dog, Inc.

Notes to Financial Statements
December 31, 2024

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments, is presented in the statement of activities in accordance with donor restrictions as investment return. Investment return is presented net of investment fees. The average cost method is primarily used to determine the basis for computing realized gains or losses.

The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to Adopt-A-Dog ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Adopt-A-Dog has adjusted the presentation of these statements accordingly.

The costs of providing programs and supporting services have been summarized on a functional basis in the statement of activities.

Cash and cash equivalents include liquid cash investments with maturity of three months or less in banks and money market funds. Adopt-A-Dog maintains cash balances in seven financial institutions and money market funds and investments in a brokerage account.

CONCENTRATIONS

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents in seven banks. At times, such cash in the banks may be in excess of the Federal Deposit Insurance Corporation's insured limit of \$250,000. At December 31, 2024, the Company had \$ 77,397 in uninsured cash balances at one of these commercial banks.

Adopt-A-Dog, Inc.

Notes to Financial Statements
December 31, 2024

CONCENTRATIONS (CONTINUED)

At times, such money market funds in the brokerage account may be in excess of the Securities Investor Protection Corporation's insured limit of \$250,000. There were \$341,876 in uninsured money market funds in excess of the Securities Investor Protection Corporation limit at December 31, 2024.

Two donors accounted for approximately thirty-three percent of the Organization's total 2024 contributions, which were contributions from a foundation and revocable trust.

FAIR VALUE MEASUREMENTS

The Adopt-A-Dog's investments are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Adopt-A-Dog believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

		Fair Value Measurements Using:
		Quoted Prices In Active Markets for Identical Assets (Level 1)
December 31, 2024:	Fair Value	
Mutual Funds	\$ 591,876	\$ 591,876
Total	\$ 591,876	\$ 591,876

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. Adopt-A-Dog uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

Adopt-A-Dog, Inc.

Notes to Financial Statements
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FAIR VALUE MEASUREMENTS (CONTINUED)

When available, Adopt-A-Dog measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 and Level 3 inputs were available to Adopt-A-Dog.

The fair value of the mutual fund is based on quoted net asset values of the shares held by Adopt-A-Dog at year-end. The fair values of the mutual fund are based on the closing price reported on the active market where the individual securities are traded.

LIQUIDITY

Adopt-A-Dog financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and Cash Equivalents	\$ 2,338,638
Investments	591,876
Contributions Receivable	22,691
	<u>\$ 2,953,205</u>

As part of the Adopt-A-Dog liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations when they come due.

FIXED ASSETS

Fixed assets are carried at cost. Repair and maintenance costs are charged to expense while expenditures incurred to improve or to extend the lives of existing assets are capitalized.

Depreciation expense is computed on a straight-line method over the estimated useful lives of the fixed assets ranging from five to forty years.

Adopt-A-Dog, Inc.

Notes to Financial Statements
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FIXED ASSETS (CONTINUED)

The following is a summary of fixed assets and the related accumulated depreciation:

	2024	
	Cost	Accumulated Depreciation
Land	\$ 210,882	\$ -
Land Improvements	178,220	156,159
Buildings and Improvements	1,175,255	522,965
Equipment	249,029	225,268
Transportation Equipment	65,491	51,987
Construction In Progress	1,000	-
Total	<u>\$ 1,879,877</u>	<u>\$ 956,379</u>

DEFERRED GRANT CONTRIBUTIONS

Adopt-A-Dog received two private conditional grants from the same donor. The first grant is restricted solely to support capital improvements to the kennel roof and the property fencing at their shelter facility in Armonk, New York. The second grant is an in kind grant of strategic planning services, to enable Adopt-A-Dog to develop a multi-year strategic plan to be provided by a professional consultant in 2025. Conditional grant contributions received with donor imposed restrictions are recognized as revenue when the restrictions have been met. Amounts received in advance of satisfying the donor imposed restrictions are reported as deferred grant contributions until the restrictions are met.

CONTRIBUTED NONFINANCIAL ASSETS

For the year ended December 31, 2024, contributions on nonfinancial assets consisted of the following:

Adopt-A-Dog, Inc.

Notes to Financial Statements
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CONTRIBUTED NONFINANCIAL ASSETS (CONTINUED)

<u>Non-Financial Contributions Category</u>	<u>Type of Contributions for Beneficiaries</u>	<u>Valuation</u>	<u>2024</u>
Food	Dog Food	Donor Pricing Provided	\$ 17,100
Non-Food Items	Medical Services	Based on Current Rates for Similar Services	4,500
Non-Food Items	Household Goods	Wholesale Prices of Identical or Similar Products	<u>17,471</u>
			<u>\$ 39,071</u>

A substantial number of individuals have volunteered significant amounts of their time to program and supporting functions; however, these services do not meet the criteria for recognition in accordance with U.S. generally accepted accounting principles and, therefore, are not recorded in the accompanying financial statements.

FUND RAISING

The following represents the total revenues and expenses incurred for the various fund-raising activities by Adopt-A-Dog:

	2024	
	<u>Revenues</u>	<u>Expenses</u>
Puttin On The Dog	\$ 132,895	\$ 94,576
Howl and Prowl	990	290
Other	<u>5,491</u>	<u>1,350</u>
Total	<u>\$ 139,376</u>	<u>\$ 96,216</u>

Adopt-A-Dog, Inc.

Notes to Financial Statements
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LICENSE AGREEMENT

Adopt-A-Dog (licensor) has entered into a license agreement with a neighboring company (licensee) to use a parking lot on the licensor's property which was constructed and paid for by the licensee. This license agreement went in effect on July 1, 2013 and will expire on June 30, 2028. The monthly license fees range from \$1 to \$1,159.

INCOME TAXES

Adopt-A-Dog is a not-for-profit organization exempt from federal and state income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Contributions to the organization qualify for the charitable contributions deduction to the extent provided by Section 170 of the Internal Revenue Code.

Adopt-A-Dog adopted ACS Topic 740, Income Taxes, effective January 1, 2010. ASC Topic 740 provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements. Income tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized upon adoption of ASC Topic 740 and in subsequent periods. Management is not aware of any uncertain tax positions taken by the Adopt-A-Dog as of that date. Tax returns for the tax years ended December 31, 2021 through, December 31, 2024 remain subject to examination by major tax jurisdictions.

SUBSEQUENT EVENTS

The Company has evaluated subsequent events and determined that there are no subsequent events to report through May 9, 2025 which is the date the financial statements were available to be issued.