

Reviewed Financial Statements



December 31, 2024

Quigley & Miron

Companion Animal Protection Society
Reviewed Financial Statements
Table of Contents
December 31, 2024

	<u>Page Number</u>
Independent Accountant's Review Report	1
Reviewed Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements.....	6

Suite 1755
3580 Wilshire Boulevard
Los Angeles, California 90010

Telephone: (213) 639-3550
Facsimile: (213) 639-3555

Suite 700
1999 South Bascom Avenue
Campbell, California 95008

Telephone: (408) 869-6108
Facsimile: (213) 639-3555

Independent Accountant's Review Report

Board of Directors
Companion Animal Protection Society
Thousand Oaks , California

We have reviewed the accompanying financial statements of Companion Animal Protection Society (Organization), 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 flow for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

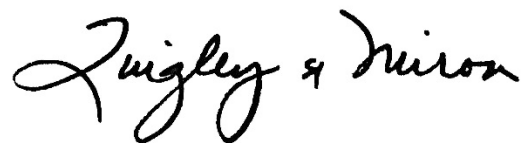
Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Companion Animal Protection Society and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Los Angeles, California
May 30, 2025

Companion Animal Protection Society
Statement of Financial Position
December 31, 2024

Assets

Cash and cash equivalents	\$	354,694
Grants and contributions receivable		30,183
Prepaid expenses		5,083
Property and equipment, net—Note 4		751,012
Operating lease right-of-use asset—Note 5		10,098
		<hr/>
Total Assets	\$	<u>1,151,070</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued liabilities	\$	32,542
Operating lease liability—Note 5		6,691
Mortgage payable—Note 6		498,709
		<hr/>
Total Liabilities		537,942

Net Assets

Without donor restrictions		<hr/>
		613,128
		<hr/>
Total Net Assets		613,128
		<hr/>
Total Liabilities and Net Assets	\$	<u>1,151,070</u>

See independent accountant's review report and notes to financial statements.

Companion Animal Protection Society
Statement of Activities
Year Ended December 31, 2024

Operating Activities

Support and Revenue

Contributions	\$	102,340
Grants and bequests		369,464
In-kind contributions—Note 7		18,750
Total Support and Revenue		490,554

Expenses

Program services		323,898
Management and general		35,507
Donor development		27,775
Total Expenses		387,180

Change in Net Assets from Operations **103,374**

Net Assets at Beginning of Year **509,754**

Net Assets at End of Year **\$ 613,128**

See independent accountant's review report and notes to financial statements.

**Companion Animal Protection
Statement of Functional Expenses
Year Ended December 31, 2024**

	Program Services				Management and General	Donor Development	Total
	Education & Outreach	Rescue & Rehabilitation	Research & Investigation	Total Program Services			
Professional services	\$ 46,524	\$	\$	\$ 46,524	\$	\$ 15,748	\$ 62,272
Salaries, payroll taxes, and benefits	17,207	17,207	17,207	51,621	2,868	2,868	57,357
Advertising and promotion	35,551	5,297		40,848	153		41,001
Veterinary & animal care		38,710		38,710	1,176	29	39,915
Occupancy	6,621	6,116	6,631	19,368	14,751	3,729	37,848
Office expenses	21,643	1,316	1,316	24,275	3,084		27,359
Video production			25,984	25,984			25,984
Travel	2,884	5,706	12,636	21,226			21,226
Legal			18,750	18,750			18,750
Investigations			14,494	14,494			14,494
Accounting			500	500	12,100		12,600
Information technology	6,646			6,646		4,483	11,129
Depreciation	2,294	2,294	2,294	6,882	1,375	918	9,175
Insurance	2,690	2,690	2,690	8,070			8,070
Total Expenses	\$ 142,060	\$ 79,336	\$ 102,502	\$ 323,898	\$ 35,507	\$ 27,775	\$ 387,180

See independent accountant's review report and notes to financial statements.

Companion Animal Protection Society
Statement of Cash Flows
Year Ended December 31, 2024

Cash Flows from Operating Activities

Change in net assets	\$ 103,374
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	9,175
Non-cash lease expenses	1,467
Changes in operating assets and liabilities:	
Grants and contributions receivable	(30,183)
Prepaid expenses	150
Accounts payable and accrued liabilities	17,958
Operating lease liability	(5,199)

Net Cash Provided by Operating Activities	96,742
--	---------------

Cash Flows from Financing Activities

Principal payments on mortgage payable	(11,218)
--	----------

Net Cash Used in Financing Activities	(11,218)
--	-----------------

Net Increase in Cash and Cash Equivalents	85,524
--	---------------

Cash and Cash Equivalents at Beginning of Year	269,170
---	----------------

Cash and Cash Equivalents at End of Year	\$ 354,694
---	-------------------

Supplemental Disclosures

Income taxes paid	\$
Interest paid	\$

See independent accountant's review report and notes to financial statements.

Companion Animal Protection Society
Notes to Financial Statements
December 31, 2024

Note 1—Organization

Companion Animal Protection Society (Organization), was incorporated in 1992 under the provision of the General Laws of Delaware. The organization is tax exempt, not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code. The mission of the Organization is to protect companion animals from cruelty in pet shops and puppy/kitten mills. The Organization addresses animal suffering through investigations, outreach, legislation, legal advocacy, consumer assistance, rescue, and shelter reform.

Note 2—Summary of Significant Accounting Policies

Basis of Accounting—The financial statements are prepared on the accrual basis of accounting.

Financial Statement Presentation—The Organization recognizes contributions, including unconditional promises to give, as revenue in the period received. Contributions and net assets are classified on the existence or absence of donor-imposed restrictions. The 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 stipulations and that may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. There were no net assets with donor restrictions as of December 31, 2024.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. It is the policy of the Organization to record contributions that are restricted by the donor as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

Measure of Operations—The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consists of programs to rescue and rehabilitate companion animals, and educational and outreach programs for the community. Nonoperating activities are limited to resources that generate a return from investments and other activities considered to be of a more unusual or nonrecurring nature. The Organization did not engage in any reportable nonoperating activities during the year ended December 31, 2024.

Income Taxes—The Organization is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered ‘more likely than not’ to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary

Companion Animal Protection Society
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

at December 31, 2024. Generally, the Organization's information returns remain open for examination three (federal) or four (state of California) years from the date of filing.

Cash and Cash Equivalents—The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash consists of balances in checking and savings accounts.

Grants and Contributions Receivable—Grants and contributions receivable are recorded at fair market value at the date of the financial statement and consist of balances from individuals, local foundations and corporations. The Organization considers grants and contributions receivable to be fully collectible, accordingly, no allowance for credit losses is required.

Property and Equipment—Property and equipment are stated at cost or estimated fair market value at date of gift, and depreciated using the straight-line method over the estimated useful lives between three to 37.5 years. Amounts over \$5,000 are capitalized when such amounts are determined to benefit future periods.

Concentration of Credit Risk— Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents, and receivables. The Organization places its cash and cash equivalents with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At times, such cash balances may exceed FDIC insurance limits during the normal course of business. While the Organization is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf, the Organization's management has assessed the credit risk associated with its cash deposits at December 31, 2024 and believes it is not exposed to any significant credit risk with its cash and cash equivalents and investments.

Receivables consist of balances from individuals, local foundations and corporations. The Organization had determined that no allowance for credit losses due to uncollectible receivables was necessary at December 31, 2024.

Contributions—All contributions are available for unrestricted use unless specifically restricted by the grantor/donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor 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. Donor-restricted contributions whose restrictions are satisfied in the same reporting period are reported as net assets without donor restrictions.

Revenue recognition—The Organization's revenue recognition policies are as follows:

Grants and Bequests—Revenues from grants and bequests are reported as increases in net assets without donor restrictions as allowable expenditures under such agreements are incurred. The amounts expended in excess of reimbursements are reported as grants and bequests receivable.

Functional Expenses—The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program services and supporting services benefitted. Salaries, payroll taxes, and benefits, professional services, occupancy, office expenses, and depreciation are allocated on the basis of time studies. All other functional expenses are charged directly to programs or function benefitted.

Advertising and Promotion—Advertising and promotion costs are expensed as incurred and amounted to \$41,001 for the year ended December 31, 2024.

Companion Animal Protection Society
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 3—Availability and Liquidity

The Organization's goal is generally to maintain cash to meet two to three months of operating expenses (approximately \$75,000-\$100,000).

The following represents the availability and liquidity of the Organization's financial assets at December 31, 2024, to cover operating expenses for the next fiscal year:

Cash and cash equivalents	\$	354,694
Grants and contributions receivable		30,183
Current Availability of Financial Assets	\$	384,877

Note 4—Property and Equipment, Net

Net property and equipment at December 31, 2024, consists of the following:

Land	\$	471,251
Buildings		315,946
Equipment		3,750
	Gross	790,947
Less accumulated depreciation		(39,935)
Property and Equipment, Net	\$	751,012

Total depreciation expense recorded for the year ended December 31, 2024 amounted to \$9,175.

Note 5—Operating Lease Liability

In May 2023, the Organization entered into a three-year noncancelable auto lease requiring monthly payments of \$405.

Future minimum payments to be paid by the Organization under these leases are as follows:

<u>Year Ending December 31,</u>		
2025	\$	4,857
2026		2,024
	Gross Rental Payments	6,881
Less effect of discounting at 3.75%		(190)
Operating Lease Liability	\$	6,691

Companion Animal Protection Society
Notes to Financial Statements—Continued

Note 6—Mortgage Payable

In 2020, the Organization purchased a property in California that was partially financed with a \$543,750, mortgage note payable from Montecito Bank and Trust. The note matures on September 25, 2030, and bears interest at 3.75% for the life of the note. The note requires monthly payments of \$2,538 and a final balloon principal payment of \$426,066 at maturity. The debt is secure by the property, as well as an assignment of all leases and rents of the property. The agreement requires the Organization to comply with certain financial and non-financial covenants.

Future principal payments due on this mortgage payable as of December 31, 2024 consists of the following:

<u>Year Ending December 31,</u>	
2025	\$ 11,707
2026	12,160
2027	12,630
2028	13,070
2029	13,625
Thereafter	<u>435,517</u>
Total	<u>\$ 498,709</u>

Note 7—In-Kind Contributions

For the year ending December 31, 2024, in-kind contributions consisted of donated services from an attorney valued at a rate of \$750 for 25 hours. The value of the hourly rate for the attorney was obtained from their business rate in the same industry and position. These in-kind contributions and related in-kind expenses are included in the statement of activities under support and revenue and in the statement of functional expenses under professional services. All amounts are allocated to the research and investigation program.

Note 8—Related Party Transactions

The Organization requires the Executive Director to live on site in order to provide full-time care to rescued animals and animals taken in for rehabilitation. The Organization pays the expenses for the facility which totaled \$5,715 for repairs and maintenance, and \$5,180 for utilities during the year ended December 31, 2024. The Organization also pays annual mortgage payments of \$30,462 for the facility. Two of the Organization's directors provide paid services to the Organization, one as a part-time bookkeeper and one as part-time grant writer, for total expenses of \$4,400 and \$3,538, respectively, for the year ended December 31, 2024.

Note 9—Subsequent Events

Management evaluated all activities of Companion Animal Protection Society through May 30, 2025, which is the date the financial statements were available to be issued, and concluded that no material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.