



GATEWAY PET GUARDIANS

(A NONPROFIT ORGANIZATION)

Financial Statements and Independent Auditors' Report

YEARS ENDED DECEMBER 31, 2024 AND 2023



BETHSAIDA
CONSULTING GROUP

GATEWAY PET GUARDIANS

CONTENTS

| | PAGE |
|---------------------------------------|--------|
| INDEPENDENT AUDITOR'S REPORT..... | 1 – 2 |
| STATEMENTS OF FINANCIAL POSITION..... | 3 |
| STATEMENTS OF ACTIVITIES..... | 4 – 5 |
| STATEMENTS OF CASH FLOWS..... | 6 |
| STATEMENTS OF FUNCTIONAL EXPENSE..... | 7 – 8 |
| NOTES TO FINANCIAL STATEMENTS..... | 9 – 15 |



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Gateway Pet Guardians
East St. Louis, IL 62205

Opinion

We have audited the accompanying financial statements of Gateway Pet Guardians (a nonprofit organization) which comprise the statements of financial position as of December 31, 2024, and 2023, and the related statements of activities, functional expenses, and cash flows for the years 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 Gateway Pet Guardians, as of December 31, 2024, and 2023, and the changes in its 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 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 Gateway Pet Guardians 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 Gateway Pet Guardians' 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, including omissions, 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 Gateway Pet Guardians' 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gateway Pet Guardians' 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.

Bethsaida Consulting Group LLC

Indianapolis, Indiana
May 9, 2025

Gateway Pet Guardians
STATEMENTS OF FINANCIAL POSITION

| ASSETS | | December 31, | |
|---|----|--------------|--------------|
| | | 2024 | 2023 |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | \$ | 561,456 | \$ 382,979 |
| Receivables | | 384,696 | 114,373 |
| Inventory | | 11,424 | 9,946 |
| Prepaid expenses | | 10,128 | 9,630 |
| Total Current Assets | | 967,704 | 516,928 |
| PROPERTY AND EQUIPMENT, net | | | |
| accumulated depreciation | | 605,370 | 565,613 |
| TOTAL ASSETS | \$ | 1,573,074 | \$ 1,082,541 |
| LIABILITIES AND NET ASSETS | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable | \$ | 70,796 | \$ 51,466 |
| Accrued expenses | | 12,891 | 44,377 |
| Current portion of long-term debt | | 18,370 | 14,670 |
| Total Current Liabilities | | 102,057 | 110,513 |
| LONG-TERM LIABILITIES | | | |
| Long-term debt | | 178,623 | 196,303 |
| TOTAL LIABILITIES | | 280,681 | 306,816 |
| NET ASSETS | | | |
| Net assets without donor restrictions | | | |
| Invested in capital assets | | 431,238 | 378,062 |
| Available for operations | | 229,429 | 167,871 |
| Total net assets without donor restrictions | | 660,667 | 545,933 |
| Net assets with donor restrictions | | 631,726 | 229,792 |
| Total Net Assets | | 1,292,393 | 775,725 |
| TOTAL LIABILITIES AND NET ASSETS | \$ | 1,573,074 | \$ 1,082,541 |

See accompanying notes to financial statements
(3)

Gateway Pet Guardians
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2024

| | <u>Funds without Donor Restrictions</u> | <u>Funds with Donor Restrictions</u> | <u>Total</u> |
|---------------------------------------|---|--|---------------------|
| SUPPORT AND REVENUE | | | |
| Support | | | |
| Contributions | \$ 1,010,769 | \$ 36,956 | \$ 1,047,726 |
| Grants | 192,627 | 494,770 | 687,397 |
| Special events | 242,067 | - | 242,067 |
| In-kind materials | 64,966 | - | 64,966 |
| Revenue | | | |
| Adoption income | 208,293 | - | 208,293 |
| Clinic income | 52,059 | - | 52,059 |
| Retail | 157,795 | - | 157,795 |
| Rescue bank | - | - | - |
| Other program | 179,553 | - | 179,553 |
| Net gain/loss on investments | (137) | - | (137) |
| Interest and miscellaneous | 15,171 | - | 15,171 |
| Net assets released from restrictions | 129,792 | (129,792) | - |
| | <u>2,252,956</u> | <u>401,934</u> | <u>2,654,891</u> |
| TOTAL SUPPORT AND REVENUE | | | |
| | | | |
| EXPENSES | | | |
| Program services | 1,685,613 | - | 1,685,613 |
| Supporting services | | | |
| Management and general | 163,501 | - | 163,501 |
| Fundraising | 289,108 | - | 289,108 |
| | <u>2,138,222</u> | <u>-</u> | <u>2,138,222</u> |
| TOTAL EXPENSES | | | |
| | | | |
| CHANGE IN NET ASSETS | 114,734 | 401,934 | 516,668 |
| NET ASSETS, Beginning of year | <u>545,933</u> | <u>229,792</u> | <u>775,725</u> |
| NET ASSETS, End of year | <u>\$ 660,667</u> | <u>\$ 631,726</u> | <u>\$ 1,292,393</u> |

See accompanying notes to financial statements
(4)

Gateway Pet Guardians
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

| | <u>Funds without Donor Restrictions</u> | <u>Funds with Donor Restrictions</u> | <u>Total</u> |
|---------------------------------------|---|--|-------------------|
| SUPPORT AND REVENUE | | | |
| Support | | | |
| Contributions | \$ 594,845 | \$ 7,520 | \$ 602,365 |
| Grants | 225,724 | 222,272 | 447,996 |
| Special events | 293,251 | - | 293,251 |
| In-kind materials | 84,696 | - | 84,696 |
| Revenue | | | |
| Adoption income | 181,126 | - | 181,126 |
| Clinic income | 83,221 | - | 83,221 |
| Retail | 111,310 | - | 111,310 |
| Rescue bank | 155,054 | - | 155,054 |
| Other program | 58,957 | - | 58,957 |
| Net gain/loss on investments | - | - | - |
| Interest and miscellaneous | 3,127 | - | 3,127 |
| Net assets released from restrictions | <u>100,000</u> | <u>(100,000)</u> | <u>-</u> |
| TOTAL SUPPORT AND REVENUE | <u>1,891,311</u> | <u>129,792</u> | <u>2,021,103</u> |
| EXPENSES | | | |
| Program services | 1,552,954 | - | 1,552,954 |
| Supporting service | | | |
| Management and general | 130,152 | - | 130,152 |
| Fundraising | <u>283,444</u> | <u>-</u> | <u>283,444</u> |
| TOTAL EXPENSES | <u>1,966,550</u> | <u>-</u> | <u>1,966,550</u> |
| CHANGE IN NET ASSETS | (75,239) | 129,792 | 54,553 |
| NET ASSETS, Beginning of year | <u>621,172</u> | <u>100,000</u> | <u>721,172</u> |
| NET ASSETS, End of year | <u>\$ 545,933</u> | <u>\$ 229,792</u> | <u>\$ 775,725</u> |

See accompanying notes to financial statements
(5)

Gateway Pet Guardians
STATEMENTS OF CASH FLOWS

| | Years Ended December 31 | |
|---|-------------------------|------------|
| | 2024 | 2023 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 516,668 | \$ 54,553 |
| Adjustments to reconcile change in net assets to net change in cash from operating activities: | | |
| Depreciation | 30,866 | 31,551 |
| (Increase) decrease in assets: | | |
| Receivables | (270,323) | (9,331) |
| Prepaid expenses | (498) | 913 |
| Inventory | (1,478) | (2,158) |
| (Decrease) increase in liabilities: | | |
| Accounts payable | 19,330 | (18,568) |
| Accrued expenses | (31,486) | 5,849 |
| Net Change in Cash and Cash Equivalents from Operating Activities | 263,080 | 99,945 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital additions | (70,622) | (9,240) |
| Net Change in Cash and Cash Equivalents from Investing Activities | (70,622) | (9,240) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from long-term debt | - | - |
| Repayment of long-term debt | (13,980) | (15,706) |
| Net Change in Cash and Cash Equivalents from Financing Activities | (13,980) | (15,706) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 178,477 | 74,999 |
| CASH AND CASH EQUIVALENTS -- BEGINNING OF THE YEAR | 382,979 | 307,980 |
| CASH AND CASH EQUIVALENTS -- END OF THE YEAR | \$ 561,456 | \$ 382,979 |
| SUPPLEMENTAL DISCLOSURES | | |
| Cash paid during the year for interest | \$ 10,732 | \$ 13,279 |
| Cash paid during the year for income taxes | \$ - | \$ - |

See accompanying notes to financial statements
(6)

Gateway Pet Guardians
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2024

| | <u>Supporting Services</u> | | | Total Supporting Services | Total |
|---------------------------|-----------------------------------|-----------------------------------|--------------------|------------------------------|---------------------|
| | <u>Total Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | | |
| Salaries | \$ 957,461 | \$ 50,539 | \$ 137,451 | \$ 187,990 | \$ 1,145,451 |
| Benefits | 135,269 | 5,835 | 24,129 | 29,963 | 165,232 |
| Payroll taxes | 92,827 | 4,832 | 13,487 | 18,319 | 111,146 |
| Total Payroll and taxes | <u>1,185,557</u> | <u>61,206</u> | <u>175,067</u> | <u>236,273</u> | <u>1,421,829</u> |
| Supplies | 257,713 | 492 | 3,956 | 4,448 | 262,161 |
| Professional services | 48,846 | 23,948 | 58,862 | 82,810 | 131,656 |
| Occupancy | 63,665 | 11,228 | 9,133 | 20,361 | 84,025 |
| Depreciation expense | 25,001 | 927 | 4,938 | 5,865 | 30,866 |
| Bank and credit card fees | 9,837 | 5,795 | 12,398 | 18,193 | 28,031 |
| Information technology | 22,669 | 10,745 | 3,250 | 13,995 | 36,664 |
| Sales tax | 34 | 29,726 | 403 | 30,129 | 30,162 |
| Insurance | 28,534 | 5,651 | 3,064 | 8,716 | 37,250 |
| Marketing and advertising | 795 | 103 | 5,159 | 5,262 | 6,057 |
| Repairs and maintenance | 20,049 | 2,504 | 1,288 | 3,792 | 23,841 |
| Interest expense | - | 10,732 | - | 10,732 | 10,732 |
| Postage and shipping | 363 | - | 3,619 | 3,619 | 3,982 |
| Printing | 346 | 55 | 55 | 110 | 456 |
| Travel and meetings | 7,478 | 62 | - | 62 | 7,541 |
| Miscellaneous | 14,727 | 328 | 7,914 | 8,242 | 22,969 |
| Total Expenses | <u>\$1,685,613</u> | <u>\$ 163,501</u> | <u>\$ 289,108</u> | <u>\$ 452,610</u> | <u>\$ 2,138,222</u> |

See accompanying notes to financial statements
(7)

Gateway Pet Guardians
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023

| | Supporting Services | | | | Total |
|---------------------------|---------------------------|---------------------------|-------------|------------------------------|--------------|
| | Total Program Services | Management and General | Fundraising | Total Supporting Services | |
| Salaries | \$ 885,990 | \$ 28,202 | \$ 164,598 | \$ 192,800 | \$ 1,078,790 |
| Benefits | 143,593 | 4,803 | 27,262 | 32,065 | 175,658 |
| Payroll taxes | 80,946 | 2,628 | 15,341 | 17,969 | 98,915 |
| Total Payroll and taxes | 1,110,529 | 35,633 | 207,201 | 242,834 | 1,353,363 |
| Supplies | 227,113 | 248 | 2,629 | 2,877 | 229,990 |
| Professional services | 48,041 | 29,152 | 30,142 | 59,294 | 107,335 |
| Occupancy | 66,446 | 8,075 | 7,764 | 15,839 | 82,285 |
| Depreciation expense | 25,559 | 3,783 | 2,209 | 5,992 | 31,551 |
| Bank and credit card fees | 10,201 | 248 | 7,486 | 7,734 | 17,935 |
| Information technology | 15,463 | 8,547 | 7,655 | 16,202 | 31,665 |
| Sales tax | - | 24,622 | - | 24,622 | 24,622 |
| Insurance | 23,332 | 4,861 | 2,433 | 7,294 | 30,626 |
| Marketing and advertising | 7,650 | 125 | 3,590 | 3,715 | 11,365 |
| Repairs and maintenance | 3,353 | 444 | 1,441 | 1,885 | 5,238 |
| Interest expense | - | 13,279 | - | 13,279 | 13,279 |
| Postage and shipping | 148 | - | 4,912 | 4,912 | 5,060 |
| Printing | 72 | 358 | 4,671 | 5,029 | 5,101 |
| Travel and meetings | 6,669 | - | 97 | 97 | 6,766 |
| Miscellaneous | 8,378 | 777 | 1,214 | 1,991 | 10,369 |
| Total Expenses | \$ 1,552,954 | \$ 130,152 | \$ 283,444 | \$ 413,596 | \$ 1,966,550 |

See accompanying notes to financial statements
(8)

Gateway Pet Guardians
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Gateway Pet Guardians (the “Organization”) is a non-profit organization founded in 2004 dedicated to ending homelessness for animals in the Metro East St. Louis Community through rescue, rehabilitation, adoption, community outreach, and education. During 2019, the Organization officially changed its name from PJ’s Pet Guardians to Gateway Pet Guardians, removing the “doing business as” designation, to better represent the purpose and mission.

In 2020, Gateway Pet Guardians (GPG) opened a 54,000 sq. ft. facility in East St. Louis, creating the region’s first and largest pet resource center in the region. That same year, GPG became the largest transfer partner for St. Clair County Animal Services and the Goods Program Affiliate for the St. Louis region. In 2021, GPG had their first full year of operating out of their new building, which meant growth in all programming as well as launching new programs and services, including an affordable pet spa, the Pet Supply Donation Marketplace, a free in-house spay/neuter program, walk-in public clinic hours and self-service low-cost bulk pet food.

In 2023, GPG provided medical care for 1,898 owned pets in their community. The organization took in 1,198 cats and dogs, conducted 1,076 adoptions and returned 92 pets to their owners. The organization is considered a "no kill" organization by industry standards and has a 95% save rate. GPG distributed 33.8 tons of pet food and 6.8 tons of cat litter to the communities in its service area through their pet food pantry and other community partnerships. GPG spayed and neutered 751 owned cats and dogs (including feral cats), preventing an estimate of 1 million future unwanted pets from being born and saving St. Clair County millions of dollars in animal care. GPG also received the 2023 Platinum Transparency rating from GuideStar, was named in the top three favorite charities in the region by the St. Louis Post-Dispatch and won the national award of Best Medium Sized Charity from the Charity Navigator Community Choice Awards.

In 2024, GPG took in 1,590 dogs and cats, completed 1,150 adoptions, and reunited 124 pets with their owners through its Return to Owner program, maintaining a 95% save rate consistent with no-kill standards. The organization’s public veterinary clinic operated four days per week, providing spay/neuter surgeries, vaccinations, and medical treatment to community pets, while the Trap-Neuter-Return program supported local cat population control. GPG distributed over 100,000 pounds of pet food and supplies to families and rescues through its pantry and retail store. In response to a flash flood in July, GPG rescued 30 displaced dogs and placed 57 pets in foster homes the same day. The organization engaged 415 active volunteers and 643 fosters, who contributed over 16,700 hours of service to support its mission.

Gateway Pet Guardians
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, prepaids, accounts payable, and other liabilities.

Basis of Presentation

The Organization presents its financial statements in conformity with generally accepted accounting principles. Under these principles, the Organization 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.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers cash on hand, cash in banks, certificates of deposit, time deposits, and U.S. government and other short-term securities with maturities of three months or less when purchased as cash and cash equivalents.

Property and Equipment

Property and equipment is reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All equipment with a cost of \$5,000 or more is capitalized. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

| | <u>Years</u> |
|---------------------------|--------------|
| Equipment | 3 - 10 |
| Vehicles | 5 |
| Building and improvements | 10 - 39 |

Gateway Pet Guardians
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment is reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

Gifts-in-Kind Contributions

If the organization receives a contribution of land, buildings, equipment, or supplies, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the organization's capitalization policy. Donated supplies are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed.

The organization benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the organization's program operations and in its fund-raising campaigns. However, the majority of the contributed services do not meet the criteria for recognition in financial statements. GAAP allow recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Such services are assigned a value based on rates commensurate with the type of services performed.

Revenue Recognition

The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board ("FASB"). In accordance with FASB guidance, contributions received are recorded as funds without donor restrictions or funds with donor restrictions, depending on the existence or nature of any donor restrictions. As of December 31, 2023, and 2022, the Organization does not have any funds with donor restrictions that will not expire due to expiration of time or for meeting the purpose of the donor.

Contributions are recognized when the donor makes a promise to give the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions, if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. The Organization considers grants receivable at December 31, 2023, and 2022, to be fully collectible.

Gateway Pet Guardians
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Income from adoption, clinic, retail, rescue bank, and other program are major revenue streams in which the revenue is earned and the performance obligation is performed at the time goods or services are provided. Revenue is recognized in the accounting records as goods and services are provided. There are no contract assets or liabilities at year end. These types of revenues are not considered variable consideration. The Organization does not have any significant financing component.

Special events consist of a number of events throughout the year. While there are some ticket sales, the major source of revenue from this activity is considered contributions.

Expense Recognition and Allocation

The cost of providing the organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited based on time spent by staff. The allocation is reviewed annually by the Executive Director and outsourced accounting consultant.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising.

Advertising Expense

Costs of advertising are expensed in the period incurred.

Income Taxes

The Organization is a tax-exempt organization under Section 501 (c) (3) of the Internal Revenue Code and similar provisions of the state code. Therefore, no provision for income taxes has been made.

Gateway Pet Guardians
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the organization’s management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Organization’s management believes that the estimates and assumptions are reasonable in the circumstances, however, the actual results could differ from those estimates.

NOTE B – PROPERTY AND EQUIPMENT

The fair value of equipment costs and the related accumulated depreciation consisted of the following at December 31,:

| | <u>2024</u> | <u>2023</u> |
|-------------------------------|-------------------|-------------------|
| Equipment | \$ 134,185 | \$ 71,063 |
| Vehicles | 35,619 | 35,619 |
| Building and improvements | <u>587,498</u> | <u>579,997</u> |
| Total | 757,302 | 686,679 |
| Less accumulated depreciation | <u>(151,930)</u> | <u>(121,066)</u> |
| Net property and equipment | <u>\$ 605,382</u> | <u>\$ 565,613</u> |

Depreciation expense for the year ended December 31, 2024, and 2023, was \$30,866 and \$31,551 respectively. Depreciation expense is reported as a functional expense under the appropriate program or supporting service.

Gateway Pet Guardians
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2024 and 2023

NOTE C – RESERVE AND LIQUIDITY

The Organization is substantially supported by program income, grants, and contributions. The Organization works to maintain a reserve to ensure the stability of the mission, programs, employment, and ongoing operations of the organization. The Organization’s goal is to maintain a reserve of three months cash on hand. During 2020, the Organization moved into the new building and expanded programming which required investing in staff, supplies, building maintenance in 2020, 2021, and 2022 so that the Organization was not able to build a reserve. There was no new planned construction on the building or program expansions in 2023. As a result, finances remained stable, and the Organization focused on developing a strategic plan to grow its reserves; the strategy opened the door for both construction and program expansion during 2024. As of December 31, 2024, the Organizations assets available within one year are comprised of the following:

| | |
|---|-------------------|
| Financial assets, at year end | \$1,573,074 |
| Less those unavailable for general expenditures, within one year: | |
| Invested in capital assets, net | (431,238) |
| Funds with donor restrictions | <u>(631,726)</u> |
| Available for operations within one year | <u>\$ 510,110</u> |

NOTE D – NET ASSETS WITH DONOR RESTRICTIONS

Grants of cash are reported as funds with donor restrictions support if they are received with donor stipulations that limit the use of the funds. When the restriction’s purpose is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions. Net assets with donor restrictions consisted of the following at December 31,:

| | <u>2024</u> | <u>2023</u> |
|--|-------------------|-------------------|
| Adoption | \$ 10,126 | \$ 22,300 |
| Building | 26,831 | - |
| Time restriction | <u>597,770</u> | <u>207,492</u> |
| Total net assets with donor restrictions | <u>\$ 634,727</u> | <u>\$ 229,792</u> |

NOTE E – SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 9, 2025, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

Gateway Pet Guardians
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE F – LONG-TERM DEBT

July 15, 2020, the Organization received a \$24,800 unsecured loan from the Small Business Administration due to COVID-19, Economic Injury Disaster Loan. Interest is 2.75% annually with minimum payments of \$106 due monthly beginning twelve months after the date of the loan and the principal balance with all accrued interest is due by July 15, 2050.

The Organization finances the building it uses for operations. Effective September 7, 2021, the Organization entered into a loan agreement with a maturity date of August 20, 2024 and an interest rate of 4.75% per annum. Regular monthly payments of \$2,253.75 started September 20, 2021 through July 20, 2024 with one irregular last payment of approximately \$100,470 due on August 20, 2024.

September 2, 2022, the above mortgage was refinanced. The maturity date is September 2, 2027 and carries an interest rate of 5.92% per annum and regular monthly payments of \$2,136 starting October 2, 2022 and one irregular last payment of approximately \$148,097 due on September 2, 2027.

The following minimum principal and interest payments are due for the following future periods as of December 31,:

| | |
|------|---------|
| 2025 | 25,634 |
| 2026 | 25,634 |
| 2027 | 132,509 |

Interest expense for the year ending December 31, 2024, and 2023, was \$10,732, and \$13,279, respectively.

NOTE G – RETIREMENT SAVINGS PLAN

Effective May 15, 2021, Gateway Pet Guardians adopted a retirement savings plan that automatically enrolls employees after satisfying the plan's eligibility and entry requirements. Participants are deemed to elect to have 3% of compensation each payroll period withheld and contributed to the plan. The automatic deferral amount will increase 1% each plan year not to exceed 6%. The employer matches the first 1% of participant's compensation plus up to 50% of the next 5% of the participant's compensation for a maximum of up to 3.5% of an employee's compensation. The employer contribution was \$34,008 and \$30,867 for years ending December 31, 2024, and 2023, respectively.