

HELPING PAWS, INC.
AUDITED FINANCIAL STATEMENTS
May 31, 2024



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To the Board of Directors
Helping Paws, Inc.
Eden Prairie, Minnesota

Opinion

We have audited the accompanying financial statements of Helping Paws, Inc. (a nonprofit organization), which comprise the statement of financial position as of May 31, 2024 and the related statements of activities, cash flows and functional expenses 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 Helping Paws, Inc. as of May 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 Helping Paws, 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.

Adjustments to Prior Period Financial Statements

As part of our audit of the 2024 financial statements, we also audited adjustments described in Note 10 that were applied to restate the 2023 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

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.

Mark Harrington, CPA (Retired) | Wayne Langer, CPA | Greg Emmerich, CPA | Michael Belknap, CPA
Nichole Fairbanks, CPA | Jesse Fraley, CPA | Anna Anderson, CPA | Steven Schurhamer, CPA | Logan Jenson, CPA

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 Helping Paws, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Helping Paws, 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 Helping Paws, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Hamington Langer & Associates

September 5, 2024

HELPING PAWS, INC.
STATEMENT OF FINANCIAL POSITION
May 31, 2024

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 573,377
Certificates of deposit	338,720
Pledges receivable	253,339
Prepaid expenses	<u>60,743</u>

TOTAL CURRENT ASSETS	<u>1,226,179</u>
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PROPERTY AND EQUIPMENT

Furniture and equipment	45,460
Lease improvements	235,102
Software	<u>28,950</u>

309,512

Less: accumulated depreciation	<u>(17,635)</u>
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PROPERTY AND EQUIPMENT, net	<u>291,877</u>
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OTHER ASSETS

Operating lease right-of-use asset	<u>342,439</u>
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OTHER ASSETS	<u>342,439</u>
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TOTAL ASSETS	<u><u>\$ 1,860,495</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 35,270
Accrued expenses	50,718
Operating lease liability, current portion	<u>39,778</u>

TOTAL CURRENT LIABILITIES	125,766
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LONG-TERM LIABILITIES

Operating lease liability, net of current portion	<u>312,622</u>
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TOTAL LIABILITIES	<u>438,388</u>
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NET ASSETS

Without donor restrictions:

Undesignated	614,209
Designated by Board for future maintenance and operations	<u>262,466</u>
	876,675

With donor restrictions	<u>545,432</u>
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TOTAL NET ASSETS	<u>1,422,107</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,860,495</u></u>
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HELPING PAWS, INC.
STATEMENT OF ACTIVITIES
For the Year Ended May 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Special events - contributions	\$ 221,701	\$ -	\$ 221,701
Special events - other	41,862	-	41,862
Less: direct costs	(97,196)	-	(97,196)
Net special event revenue	166,367	-	166,367
Contributions	1,096,529	500,000	1,596,529
Program services	13,919	-	13,919
Interest income	34,052	-	34,052
Net assets released from restrictions	7,180	(7,180)	-
TOTAL REVENUE	1,318,047	492,820	1,810,867
EXPENSES			
Program services	844,949	-	844,949
Management and general	112,625	-	112,625
Fundraising	316,525	-	316,525
TOTAL EXPENSES	1,274,099	-	1,274,099
CHANGE IN NET ASSETS	43,948	492,820	536,768
NET ASSETS, BEGINNING (RESTATED)	832,727	52,612	885,339
NET ASSETS, ENDING	\$ 876,675	\$ 545,432	\$ 1,422,107

HELPING PAWS, INC.
STATEMENT OF CASH FLOWS
For the Year Ended May 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 536,768
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	18,490
Interest reinvested	(13,798)
Donated investments	119,629
Change in:	
Pledges receivable	(231,584)
Prepaid expenses	(7,626)
Operating lease assets and liabilities	8,645
Accounts payable	10,835
Accrued expenses	<u>(22,339)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>419,020</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of CDs	(251,000)
Redemption of CDs	510,000
Purchase of fixed assets	<u>(282,288)</u>
 NET CASH USED IN INVESTING ACTIVITIES	 <u>(23,288)</u>
 INCREASE IN CASH AND CASH EQUIVALENTS	 395,732
 CASH AND CASH EQUIVALENTS, BEGINNING	 <u>177,645</u>
 CASH AND CASH EQUIVALENTS, ENDING	 <u><u>\$ 573,377</u></u>

HELPING PAWS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended May 31, 2024

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 426,562	\$ 81,761	\$ 171,759	\$ 680,082
Benefits	69,427	13,308	27,956	110,691
Payroll taxes	29,345	5,625	11,816	46,786
Professional development	1,923	368	774	3,065
Professional fees	20,016	1,624	13,550	35,190
Office expenses	41,905	3,210	15,416	60,531
Postage and printing	10,599	812	3,900	15,311
Dues and subscriptions	2,150	700	-	2,850
Occupancy	58,659	1,649	9,494	69,802
Travel	14,605	-	1,623	16,228
Utilities	9,956	763	3,663	14,382
Facility repairs	7,929	223	1,283	9,435
Depreciation	10,721	301	7,468	18,490
Insurance	12,104	340	1,959	14,403
Bank and credit card fees	1,532	-	8,679	10,211
Service dog training expenses	111,500	-	-	111,500
Event expenses	-	-	97,196	97,196
Marketing	-	-	16,506	16,506
Other expenses	2,170	166	798	3,134
Software	13,846	1,775	19,881	35,502
Total expenses by function	844,949	112,625	413,721	1,371,295
Less expenses included with the revenues on the statement of activities				
Special events	-	-	(97,196)	(97,196)
Total expenses included in the expense section on the statement of activities	\$ 844,949	\$ 112,625	\$ 316,525	\$ 1,274,099

HELPING PAWS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Helping Paws, Inc. (the “Organization” or “Helping Paws”) furthers people’s independence and quality of life through the use of assistance dogs. The service dogs are specifically trained to provide for the needs of these individuals. The Organization views its service dog program as a whole-life approach, with follow-up from each dog’s birth to the end of service. The primary focus of the Organization is in the breeding and/or acquisition of dogs to be used in the program, development of skills with the service dogs-in-training, and placement and follow-up of the service dogs with qualified applicants. The Organization was awarded full accreditation from Assistance Dogs International (ADI). This indicates the Organization successfully meets all the professional standards and requirements in the training of service dogs. In accordance with ADI standards, the accreditation is in effect through July 2027.

In addition, Helping Paws was awarded the Charities Review Council “Meet All Standards” seal in May 2007, which will be in effect through October 2025.

Donated Services

Helping Paws receives significant services from unpaid volunteers who support the Organization’s primary program activities and fundraising services. No amounts have been recognized in the accompanying statements of activities for these services because the services did not meet the requirements of generally accepted accounting principles; however, volunteers have been integral in enhancing the programs provided by the Organization. These volunteers provided a total of 95,809 hours, which is the equivalent of 45 full time employees.

Basis of Accounting

The accompanying financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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 and disclosures in these financial statements. Actual results could differ from those estimates.

HELPING PAWS, INC.
NOTES TO FINANCIAL STATEMENTS

**NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Basis of Presentation

The financial statements of Helping Paws, Inc. have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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 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; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Organization maintains its cash balances at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. From time to time, the Organization's balances in its bank accounts exceed Federal Deposit Insurance Corporation limits. The Organization periodically evaluates the risk of exceeding insurance levels and may transfer funds as it seems appropriate. The Organization has not experienced any losses with regards to balances in excess of insured limits or as the result of other concentrations of credit risk.

Certificates of Deposit

Certificates of deposit are valued at cost plus accrued interest and are covered by FDIC insurance. These certificates of deposit mature in various dates through August 2024 and earn interest at rates of 5.35%.

HELPING PAWS, INC.
NOTES TO FINANCIAL STATEMENTS

**NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. The Organization provides an allowance for doubtful accounts based on historical experience and management's evaluation of outstanding amounts. At May 31, 2024, management considered all amounts to be fully collectible. Therefore, there was no allowance for doubtful accounts.

Service Dogs

As there is no active market for partially trained service dogs, and fully trained service dogs are placed within days of the completion of their training, no asset for service dogs' inventory has been recorded in the accompanying statement of financial position.

Property and Equipment

Purchased property and equipment are recorded at cost. Property and equipment purchases over \$1,000 are capitalized. Property and equipment acquired by donation, if material, are stated at their fair market value at the time of the donation. Property and equipment is depreciated on a straight-line basis with estimated useful lives of five to seven years. Replacements, maintenance, and repairs, which do not improve or extend the lives of the assets, are expensed as incurred. Depreciation expense for the year ended May 31, 2024 was \$18,490.

Revenue Recognition

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. 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.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

HELPING PAWS, INC.
NOTES TO FINANCIAL STATEMENTS

**NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Marketing

Marketing expenses are expensed as incurred. These costs were \$16,506 for the year ended May 31, 2024.

Functional Expenses

The costs of providing various programs have been summarized on a functional basis. Accordingly, certain costs have been allocated among programs and supporting services benefited. Salaries and related expenses are allocated based on hours spent and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or support services, are allocated based on the best estimates of management.

Income Taxes

The Organization is exempt from income taxes under Internal Revenue Code section 501(c)(3) and applicable Minnesota Statutes, except to any extent it has taxable income that is not related to its tax-exempt purpose.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) for uncertain position that more likely than not would not be sustained upon examination by the applicable tax authorities. Federal and state tax authorities generally have the right to examine the current and three previous years of income tax returns. The Organization is not currently under examination by any taxing jurisdiction.

Accounting Policy Election for Short-Term Leases

The Organization has elected for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less, but greater than 1 month at lease commencement, and do not include an option to purchase the underlying asset the Organization is reasonably certain to exercise. The Organization recognizes lease cost associated with its short-term leases on a straight-line basis over the lease term.

HELPING PAWS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Leases

The Organization accounts for leases in accordance with FASB ASC 842. The Organization is a lessee in a noncancellable operating lease for office and training space. Leases for other equipment are evaluated using the criteria outlined in FASB ASC 842 to determine whether they will be classified as operating or finance leases. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when terms of an existing contract are changed. The Organization determines if an arrangement conveys the right to use an identified asset and whether the Organization obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. The Organization recognizes a lease liability and ROU asset at the commencement date of the lease.

Lease Liabilities

A lease liability is measured on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date. Lease payments, including variable payments made based on an index rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the following: the lease term, purchase options, or amounts that are probable of being owed under a residual value guarantee. The discount rate is the rate implicit in the lease if it is readily determinable. The implicit rates of the Organization's leases are not readily determinable; accordingly, the Organization has made the election to use a risk-free rate in lieu of its incremental borrowing rate using a period comparable with that of the individual lease term based on the information available at the commencement date for each lease. For existing leases at implementation date of FASB ASC 842, the risk-free rate used is the rate comparable with the remaining lease term as of the implementation date.

ROU Assets

A ROU asset is measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease cost for lease payments is recognized on a straight-line basis over the term of the lease. Finance lease ROU assets are amortized on a straight-line basis over the shorter of the lease term or the remaining useful life of the asset.

HELPING PAWS, INC.
NOTES TO FINANCIAL STATEMENTS

**NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 5, 2024, the date the financial statements were available to be issued.

Subsequent to year end, the Organization received a \$100,000 conditional grant after achieving matching grant revenues. These grant funds will be recognized in the year ending May 31, 2025.

NOTE 2. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at May 31, 2024:

Financial assets at year-end:	
Cash and cash equivalents	\$ 573,377
Certificates of deposit	338,720
Pledges receivable	<u>253,339</u>
Total financial assets	<u>1,165,436</u>
Less amounts not available to be used within one year	
Net assets with donor restrictions	(545,432)
Less net assets with restrictions to be met in less than one year	<u>70,432</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,640,436</u>

The Organization's goal is generally to maintain financial assets to meet 6 months of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments including money market accounts and certificates of deposit.

NOTE 3. ENDOWMENT

The Organization's endowment includes donor-restricted endowment funds. As required by US GAAP, net assets associated with the endowment funds, including funds designated by the Board, are classified and reported based on the existence or absence of donor-imposed restrictions.

HELPING PAWS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3. ENDOWMENT (continued)

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment with donor restrictions to be held in perpetuity, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

The Organization has adopted investment and spending policies for investment assets to support the mission by providing earnings and capital appreciation to support agency programs, capital expenditures, and board-directed initiatives through a strategic plan that strives to maintain and grow the investment corpus and provide annual operating earnings to support the Organization's mission. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Directors, the objectives of the endowment assets are to acknowledge the need for both current cash flow and a total return that will preserve or enhance the purchasing power of the assets, to achieve total returns, over time, comparable to those experienced by other portfolios of similar size and with similar objectives, to maintain a reasonable balance between the quest for growth and the need to protect principal, and to maintain an overall posture that could be described as "reasonable total return with modest risk."

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

HELPING PAWS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3. ENDOWMENT (continued)

The Organization is required to hold the endowment for a period of seven years. The Organization will start to take annual draws on June 1, 2025, that are equal to the greater of 5% of the prior fiscal year's ending balance or \$25,000, and continue until the last one on June 1, 2030. After April 1, 2031, the endowment restriction ends, and the Organization may withdraw any amount it deems necessary.

At May 31, 2024, the Endowment consisted of \$500,000 of donor restricted funds required to be maintained for a term of seven years. During the year ended May 31, 2024, the only change in the Endowment Fund was the contribution of \$500,000.

NOTE 4. BORROWING ARRANGEMENTS

The Organization maintains credit card accounts of which they can borrow up to \$25,000. Purchases on these credit card accounts accrue interest at a rate of 19.24% for the year ended May 31, 2024. There were outstanding purchases on these accounts of \$4,401, which were included in the accounts payable balance as of May 31, 2024. There was no interest incurred on these credit card accounts for the year ended May 31, 2024.

NOTE 5. LEASE OBLIGATIONS

The Organization has elected to separate nonlease components from lease components in leases for office and training space.

The components of lease cost and income statement caption allocation for the year ended May 31, 2024 consisted of operating lease costs of \$46,246 recorded in occupancy expenses.

Supplemental cash flow information for the year ended May 31, 2024:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 36,238
ROU assets obtained in exchange for new operating lease liabilities	\$ 353,023

Weighted average lease term and discount rate as of May 31, 2024 were as follows:

Weighted-average remaining lease term in years for operating leases	6.92
Weighted-average discount rate for operating leases	4.83%

HELPING PAWS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 5. LEASE OBLIGATIONS (continued)

The maturities of operating lease liabilities as of May 31, 2024 were as follows:

Year Ending May 31,	Amount
2025	\$ 54,230
2026	55,845
2027	57,550
2028	59,236
2029	61,037
Thereafter	<u>121,783</u>
Total undiscounted cash flows	409,681
Less: present value discount	<u>(57,281)</u>
Present value of lease liabilities	<u><u>\$ 352,400</u></u>

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

As of May 31, 2024, net assets with donor restrictions consisted of the following:

Specific Purpose:	
Spay and Neuter Program	\$ 3,717
Labrador Breeding Program	41,715
Endowments:	
Subject to endowment spending policy and appropriation:	
Available for general operations	<u>500,000</u>
	<u><u>\$ 545,432</u></u>

HELPING PAWS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets were released from restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors. During the year ended May 31, 2024, net assets were released for the following:

Specific Purpose:	
Spay and Neuter Program	\$ 4,569
Labrador Breeding Program	<u>2,611</u>
	<u>\$ 7,180</u>

NOTE 7. MAJOR DONORS

During the year ended May 31, 2024, the Organization had one major donor who accounted for 26% of the total revenue of the Organization. Pledges receivable from this donor amounted to \$250,000 as of May 31, 2024.

NOTE 8. EMPLOYEE BENEFIT PLAN

The Organization maintains a SIMPLE IRA defined contribution plan covering all eligible employees. Participants may contribute up to the maximum allowable by law and are fully vested immediately. The Organization provides a matching contribution of 100% of the first 3% of salary contributions by employees. During the year ended May 31, 2024, the Organization contributed \$14,557 to the plan.

NOTE 9. PRIOR PERIOD ADJUSTMENT

During the year ended May 31, 2024, the Organization determined that it should not be recording service dogs in training as assets of the Organization. The Organization has made a prior period adjustment of \$92,500 that removes the value of the service dog inventory from the financial statements. As a result, beginning net assets and service dog inventory have been restated to reflect the decrease of \$92,500.