Helping Paws, Inc.

Eden Prairie, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
May 31, 2026 and 2025

CEA

CERTIFIED PUBLIC ACCOUNTANTS

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Carpenter, Evert & Associates

Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Helping Paws, Inc.
Minneapolis, 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, 2026, 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 Helping Paws, Inc. as of May 31, 2026, 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.

Prior Period Financial Statements

The financial statements of Helping Paws, Inc. which comprise the statement of financial position as of May 31, 2025 and the related statements of activities, functional expense, and cash flows for the year then ended, were audited by other auditors whose report dated October 13, 2025, expressed an unmodified opinion on those statements.

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 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, 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 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.

Carpenter Fitt and Associates, LTD.
Certified Public Accountants

Minneapolis, Minnesota
October 12, 2026

HELPING PAWS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED MAY 31, 2026 AND 2025

EXHIBIT A

	2026			2025		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Contributions of Financial Assets	$ 2,231,841	$ 77,600	$ 2,309,441	$ 1,270,581	$ 173,569	$ 1,444,150
Contributions of Nonfinancial Assets	8,311	-	8,311	-	-	-
Program Services	10,027	-	10,027	11,505	-	11,505
Investment Income	23,255	89,045	112,300	25,263	15,411	40,674
Other Income	4,482	-	4,482	-	-	-
Special Event Revenue	358,547	-	358,547	289,062	-	289,062
Less: Costs of Direct Benefit to Donors	139,755	-	139,755	97,238	-	97,238
Net Revenue from Special Events	218,792	-	218,792	191,824	-	191,824
Net Assets Released from Restrictions:						
Satisfaction of Purpose and Time Restrictions	110,558	(110,558)	-	22,552	(22,552)	-
Total Support and Revenue	2,607,266	56,087	2,663,353	1,521,725	166,428	1,688,153
Expense:						
Program Services	1,629,371	-	1,629,371	1,214,611	-	1,214,611
Support Services:						
Management and General	127,449	-	127,449	122,336	-	122,336
Fundraising	497,717	-	497,717	350,306	-	350,306
Total Support Services	625,166	-	625,166	472,642	-	472,642
Total Expense	2,254,537	-	2,254,537	1,687,253	-	1,687,253
Change in Net Assets	352,729	56,087	408,816	(165,528)	166,428	900
Net Assets - Beginning of Year	711,147	711,860	1,423,007	876,675	545,432	1,422,107
Net Assets - End of Year	$ 1,063,876	$ 767,947	$ 1,831,823	$ 711,147	$ 711,860	$ 1,423,007

The accompanying Notes to Financial Statements
are an integral part of these statements.

EXHIBIT B

HELPING PAWS, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED MAY 31, 2026
WITH COMPARATIVE TOTALS FOR 2025

	2026					2025
		Support Services				
	Total Program Services	Management & General	Fund-raising	Cost of Direct Benefits to Donors	Total All Services	Total All Services
Salaries	$ 718,696	$ 90,007	$ 214,207	$ -	$ 1,022,910	$ 790,427
Payroll Taxes	57,382	7,186	17,103	-	81,671	60,037
Benefits	121,968	15,275	36,352	-	173,595	125,315
Total Personnel Costs	898,046	112,468	267,662	-	1,278,176	975,779
Professional Fees	140,067	6,104	74,619	-	220,790	136,745
Occupancy	163,282	1,745	9,383	-	174,410	123,255
Service Dog Training Expenses	142,180	-	-	-	142,180	167,399
Event Expenses	-	-	-	139,755	139,755	97,238
Office Expenses	61,006	2,479	14,797	-	78,282	54,561
Marketing	-	-	73,308		73,308	29,332
Software	39,563	1,624	9,692	-	50,879	39,923
Utilities	26,904	287	1,546	-	28,737	21,481
Bank and Credit Card Fees	4,250	-	24,082	-	28,332	9,955
Travel	25,261	-	2,807	-	28,068	21,110
Insurance	15,773	169	906	-	16,848	16,609
Facility Repairs	14,652	157	842	-	15,651	10,801
Other Expenses	7,815	321	1,915	-	10,051	6,165
Postage and Printing	6,845	281	1,677	-	8,803	4,199
Dues and Subscriptions	5,395	994	1,978	-	8,367	3,360
Professional Development	5,656	43	2,537	-	8,236	2,739
Depreciation and Amortization	72,676	777	9,966	-	83,419	63,840
	1,629,371	127,449	497,717	139,755	2,394,292	1,784,491
Less Expenses included with Revenues on the Statement of Activities:						
Events Related Expense	-	-	-	(139,755)	(139,755)	(97,238)
Total Expense	$ 1,629,371	$ 127,449	$ 497,717	$ -	$ 2,254,537	$ 1,687,253

The accompanying Notes to Financial Statements
are an integral part of this statement.

EXHIBIT B

HELPING PAWS, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED MAY 31, 2026
WITH COMPARATIVE TOTALS FOR 2025

	2026					2025
		Support Services				
	Total Program Services	Management & General	Fund-raising	Cost of Direct Benefits to Donors	Total All Services	Total All Services
Salaries	$ 718,696	$ 90,007	$ 214,207	$ -	$ 1,022,910	$ 790,427
Payroll Taxes	57,382	7,186	17,103	-	81,671	60,037
Benefits	121,968	15,275	36,352	-	173,595	125,315
Total Personnel Costs	898,046	112,468	267,662	-	1,278,176	975,779
Professional Fees	140,067	6,104	74,619	-	220,790	136,745
Occupancy	163,282	1,745	9,383	-	174,410	123,255
Service Dog Training Expenses	142,180	-	-	-	142,180	167,399
Event Expenses	-	-	-	139,755	139,755	97,238
Office Expenses	61,006	2,479	14,797	-	78,282	54,561
Marketing	-	-	73,308		73,308	29,332
Software	39,563	1,624	9,692	-	50,879	39,923
Utilities	26,904	287	1,546	-	28,737	21,481
Bank and Credit Card Fees	4,250	-	24,082	-	28,332	9,955
Travel	25,261	-	2,807	-	28,068	21,110
Insurance	15,773	169	906	-	16,848	16,609
Facility Repairs	14,652	157	842	-	15,651	10,801
Other Expenses	7,815	321	1,915	-	10,051	6,165
Postage and Printing	6,845	281	1,677	-	8,803	4,199
Dues and Subscriptions	5,395	994	1,978	-	8,367	3,360
Professional Development	5,656	43	2,537	-	8,236	2,739
Depreciation and Amortization	72,676	777	9,966	-	83,419	63,840
	1,629,371	127,449	497,717	139,755	2,394,292	1,784,491
Less Expenses included with Revenues on the Statement of Activities:						
Events Related Expense	-	-	-	(139,755)	(139,755)	(97,238)
Total Expense	$ 1,629,371	$ 127,449	$ 497,717	$ -	$ 2,254,537	$ 1,687,253

The accompanying Notes to Financial Statements
are an integral part of this statement.

EXHIBIT C

HELPING PAWS, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED MAY 31, 2025

	Total Program Services	Support Services: Management & General	Support Services: Fund-raising	Cost of Direct Benefits to Donors	Total All Services
Salaries	$ 564,969	$ 77,773	$ 147,685	$ -	$ 790,427
Payroll Taxes	42,913	5,907	11,217	-	60,037
Benefits	89,571	12,330	23,414	-	125,315
Total Personnel Costs	697,453	96,010	182,316	-	975,779
Professional Fees	38,353	17,349	81,043	-	136,745
Occupancy	110,486	2,002	10,767	-	123,255
Service Dog Training Expenses	167,399	-	-	-	167,399
Event Expenses	-	-	-	97,238	97,238
Office Expenses	41,752	2,442	10,367	-	54,561
Marketing	-	-	29,332		29,332
Software	30,550	1,787	7,586	-	39,923
Utilities	19,256	349	1,876	-	21,481
Bank and Credit Card Fees	1,493	-	8,462	-	9,955
Travel	18,999	-	2,111	-	21,110
Insurance	14,888	270	1,451	-	16,609
Facility Repairs	9,682	175	944	-	10,801
Other Expenses	4,717	276	1,172	-	6,165
Postage and Printing	3,213	188	798	-	4,199
Dues and Subscriptions	1,595	545	1,220	-	3,360
Professional Development	2,739	-	-	-	2,739
Depreciation and Amortization	52,036	943	10,861	-	63,840
	1,214,611	122,336	350,306	97,238	1,784,491
Less Expenses included with Revenues on the Statement of Activities:					
Events Related Expense	-	-	-	(97,238)	(97,238)
Total Expense	$ 1,214,611	$ 122,336	$ 350,306	$ -	$ 1,687,253

The accompanying Notes to Financial Statements
are an integral part of this statement.

HELPING PAWS, INC.
STATEMENTS OF FINANCIAL POSITION
MAY 31, 2026 AND 2025

EXHIBIT D

	2026	2025
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 270,491	$ 199,704
Certificates of Deposit	402,392	201,104
Contributions Receivable	96,171	141,875
Prepaid Expenses	110,814	60,216
Total Current Assets	879,868	602,899
Noncurrent Assets:		
Contributions Receivable	25,000	50,000
Investments - Endowment	603,420	514,375
Property and Equipment - Net	506,227	405,581
Right of Use Asset	562,312	346,315
TOTAL ASSETS	$ 2,576,827	$ 1,919,170
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	$ 39,362	$ 48,284
Accrued Expenses	110,963	85,063
Deferred Revenue	3,784	2,500
Lease Liability - Current	104,057	61,852
Total Current Liabilities	258,166	197,699
Long-term Liabilities:		
Lease Liability - Noncurrent	486,838	298,464
Total Liabilities	745,004	496,163
Net Assets:		
Without Donor Restrictions:		
Undesignated	801,410	448,681
Designated - Future Maintenance and Operations	262,466	262,466
Total Without Donor Restrictions	1,063,876	711,147
With Donor Restrictions	767,947	711,860
Total Net Assets	1,831,823	1,423,007
TOTAL LIABILITIES AND NET ASSETS	$ 2,576,827	$ 1,919,170

The accompanying Notes to Financial Statements
are an integral part of these statements.

HELPING PAWS, INC. EXHIBIT E

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MAY 31, 2026 AND 2025

Increase (Decrease) in Cash and Cash Equivalents	2026	2025
Cash Flows from Operating Activities:		
Change in Net Assets	$ 408,816	$ 900
Depreciation	83,419	63,840
Interest and Dividends Reinvested	(45,656)	(1,104)
Realized and Unrealized (Gain)	(66,644)	(12,656)
Net Change in Operating Lease	14,582	4,040
Increases (Decreases) in Liabilities:		
Accounts Payable	(8,922)	13,014
Accrued Expenses	25,900	34,345
Deferred Revenue	1,284	2,500
Decreases (Increases) in Assets:		
Contributions Receivable	70,704	61,464
Prepaid Expense	(50,598)	527
Net Cash Provided by Operating Activities	432,885	166,870
Cash Flows from Investing Activities:		
Purchases of Certificates of Deposit	(663,032)	(280,000)
Redemptions of Certificates of Deposits	485,000	417,000
Purchase of Investments	-	(500,000)
Purchases of Property and Equipment	(184,066)	(177,543)
Net Cash (Used) by Investing Activities	(362,098)	(540,543)
Cash Flows from Financing Activities:		
None	-	-
Net Increase (Decrease) in Cash	70,787	(373,673)
Cash and Cash Equivalents - Beginning of Year	199,704	573,377
Cash and Cash Equivalents - End of Year	$ 270,491	$ 199,704

The accompanying Notes to Financial Statements
are an integral part of these statements.

1. Summary of Significant Accounting Policies

Organizational Purpose

Helping Paws, Inc. (the Organization) 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, Inc. was awarded the Charities Review Council "Meet All Standards" seal in May 2007, which will be in effect through November 2028.

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 and 95,809 hours in the years ended May 31, 2026 and 2025 respectively.

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to the Organization, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and restriction. A description of the groupings is as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For purposes 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.

Investments

Certificates of deposit are valued at cost plus accrued interest. All other investments are carried at fair value.

Accounts Receivable and Allowance for Credit Losses

The Organization extends credit to its customers on terms it establishes for individual customers. Receivables are recorded at amounts billed and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent. Accounts receivable are generally uncollateralized and the Organization does not charge interest on accounts receivable balances. The Organization reviews receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. No allowance for credit losses has been provided as receivables are considered collectable.

Revenue and Revenue Recognition

The Organization recognizes program service fees when the event occurs and the performance obligations are met. The Organization records special events revenue equal to the fair value of direct benefits to donor, and contribution revenue for the difference.

The Organization 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 substantially met.

The Organization records contributions of nonfinancial assets at fair market value at date of donation. The Organization's policy related to contributions of nonfinancial assets is to utilize the assets given to carry out the mission of the organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist.

Property and Equipment

All major expenditures for property, equipment and improvements above $1,000 are capitalized at cost. Contributed items are recorded at fair market value at date of donation. Depreciation of property, equipment and improvements is provided through the use of the straight-line method.

Promises-To-Give (Contributions Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Functional Allocation of Expense

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expense present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Salaries and related expenses are allocated based on time spent or estimated time spent. Expenses that can be identified with a particular function are expensed to that function. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service, are allocated based on management's best estimates of employees time and efforts.

Income Tax

The Organization has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. The Organization's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. The Organization continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, the Organization annually files a Return of Organization Exempt From Income Tax (Form 990).

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At May 31, 2026 and 2025, the Organization held funds in a financial institution in excess of federally insured limits.

Marketing and Advertising Costs

Marketing and advertising costs are expensed as incurred. Marketing and advertising costs incurred were approximately $73,308 and $29,332 for the years ending May 31, 2026 and 2025, respectively.

Reclassifications

Certain amounts in prior year financial statements have been reclassified to conform with the presentation in the current year financial statements.

1. Summary of Significant Accounting Policies (continued)

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Subsequent Events

The Organization has evaluated the effect that subsequent events would have on the financial statements through October 12, 2026, which is the date financial statements were available to be issued. There were no subsequent events to note.

2. Property and Equipment

The Organization owned the following equipment as of May 31:

	2026	2025	Estimated Useful Lives
Furniture and Equipment	$ 100,499	$ 80,499	3-10 years
Leasehold Improvements	541,671	377,606	Lease Term
Software	28,950	28,950	5 years
	671,220	487,055	
Less Accumulated Depreciation And Amortization	164,893	81,474	
	$ 506,227	$ 405,581	

Depreciation expense of $83,419 and $63,840 was recorded for the years ended May 31, 2026 and 2025, respectively.

3. Contributions Receivable

The outstanding balance of contributions receivable at May 31, 2026, is expected to be collected over the following fiscal years:

Due in the Year Ending May 31,	
2027	$ 96,171
2028	25,000
	$ 121,171

4. Investments

Helping Paws, Inc. held the following investments at fair value as of May 31:

	2026	2025
Money Market Funds	$ 142,728	$ 136,459
Certificates of Deposit	402,392	201,104
Mutual Funds	601,401	512,445
U.S. Government Obligations	2,019	1,930
	$ 1,148,540	$ 851,938

Investment income included the following as of:

	May 31,	
	2026	2025
Realized and Unrealized Gain	$ 66,644	$ 1,207
Interest and Dividends	45,656	39,467
	$ 112,300	$ 40,674

5. Fair Value

Fair value is defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used in determining the value of investments. A three-tier hierarchy of inputs establish a classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1 – Quoted prices in active markets for identical investments.
Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
Level 3 – Significant unobservable inputs.

The following is a summary of the inputs used to determine the fair value of the investments at:

May 31, 2026

	Level 1	Level 2	Level 3	Total
U.S. Government Obligations	$ -	$ 2,019	$ -	$ 2,019
Mutual Funds	601,401	-	-	601,401
Money Market Funds	142,728	-	-	142,728
Certificates of Deposit	402,392	-	-	402,392
Total	$ 1,146,521	$ 2,019	$ -	$ 1,148,540

May 31, 2025

	Level 1	Level 2	Level 3	Total
U.S. Government Obligations	$ -	$ 1,930	$ -	$ 1,930
Mutual Funds	512,445	-	-	512,445
Money Market Funds	136,459	-	-	136,459
Certificates of Deposit	201,104	-	-	201,104
Total	$ 850,008	$ 1,930	$ -	$ 851,938

6. Endowment Fund

Description

Endowment funds consist of donor restricted net assets and without donor restrictions established for the purposes:

Donor Restricted Net Assets to be held in perpetuity are donor restricted to be held for designated purposes with the income and related investment gains to be used for those designated purposes.

Funds designated by the Board of Directors to function as endowments are held at the discretion of the Board of Directors with the income and investment gains to be used for operation in accordance with an established spending formula.

As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors 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, Helping Paws, Inc. classifies as donor restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in donor restricted net assets in perpetuity is classified as donor restricted net assets until those amounts are appropriated for expenditure by Helping Paws, Inc. in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Helping Paws, Inc. 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 Helping Paws, Inc. 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 Helping Paws, Inc.
7. The investment policies of Helping Paws, Inc.

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 objectives within prudent risk constraints.

6. Endowment Fund (Continued)

The Organization is required to hold the endowment for a period of seven years. The Organization may 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.

Endowment Net Asset Composition by Type of Fund:

May 31, 2026	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Investment Funds Required to be held for 7 Years By Original Donor	$ -	$ 500,000	$ 500,000
Accumulated Investment Gains	-	103,420	103,420
Total	$ -	$ 603,420	$ 603,420

May 31, 2025	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Investment Funds Required to be held for 7 Years By Original Donor	$ -	$ 500,000	$ 500,000
Accumulated Investment Gains	-	14,375	14,375
Total	$ -	$ 514,375	$ 514,375

Changes in Endowment Net Assets:

	Without Donor Restrictions	With Donor Restrictions	Total
May 31, 2025	$ -	$ 500,000	$ 500,000
Investment income	-	14,869	14,869
Net Appreciation	-	(494)	(494)
May 31, 2025	$ -	$ 514,375	$ 514,375
Investment Income	-	21,571	21,571
Net Appreciation	-	67,474	67,474
May 31, 2026	$ -	$ 603,420	$ 603,420

7. Operating Leases

Helping Paws, Inc. is a party to operating leases for office and training space. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments.

Maturities of lease liabilities were as of May 31, 2026 were as follows:

2027	$ 124,384
2028	128,156
2029	132,051
2030	135,997
2031	127,691
Total Lease Payments	648,279
Less: Present Value Discount	(57,384)
Present Value of Lease Liabilities	$ 590,895

The following summarizes the weighted average remaining lease term and discount rate as of:

	May 31,	
	2026	2025
Weighted Average Remaining Lease Term:		
Operating Leases	4.92 years	5.45 years
Weighted Average Discount Rate:		
Operating Leases	3.81%	4.33%

The following summarizes the line items in the statements of activities which include the components of lease expense for the year ended:

	May 31,	
	2026	2025
Operating lease expense included in occupancy	$ 84,412	$ 69,738

The following summarizes cash flow information related to leases for the year ended:

	May 31,	
	2026	2025
Cash paid for amounts included in the measurement of Lease liabilities:		
Operating cash flows from operating leases	$ 80,031	$ 64,061
Right of Use Assets Obtained in Exchange for New Operating Leases	$ 226,277	$ 56,319

8. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of:

	May 31, 2026	May 31, 2025
Subject to Expenditures for Specified Purpose:		
Labrador Breeding Program	$ 5,423	$ 22,879
Puppy Enrichment Center	76,787	124,606
Veterinary Fund	32,317	50,000
BCA Internships	50,000	-
Endowments:		
Subject to Endowment Spending Policy And Appropriation: Available for General Expenditures	603,420	514,375
Total Net Assets with Donor Restriction	$ 767,947	$ 711,860

9. Liquidity and Availability

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

	2026	2025
Financial Assets		
Cash and Cash Equivalents	$ 270,491	$ 199,704
Certificates of Deposit	402,392	201,104
Contributions Receivable	121,171	191,875
Investments - Endowment	603,420	514,375
Total Financial Assets	1,397,474	1,107,058
Less assets not available to be used within one year:		
Net Assets with Donor Restrictions	767,947	711,860
Less: amounts able to be used within one year	190,245	222,485
Total not available to be used within one year:	577,702	489,375
Financial assets available for general expenditures within one year	$ 819,772	$ 617,683

As part of the Organization's liquidity plan, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

10. Retirement Plan

The Organization maintains a 403b 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 years ended May 31, 2026 and 2025, the Organization contributed $24,900 and $14,981 respectively.