

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

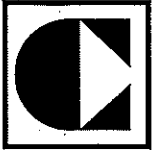
4PAWS RESCUE TEAM, INC.

September 30, 2024

**(with summarized financial information
for the year ended September 30, 2023)**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
4Paws Rescue Team, Inc.

We have audited the accompanying financial statements of the 4Paws Rescue Team, Inc. (a nonprofit organization), which comprise the balance sheet as of September 30, 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 4Paws Rescue Team, Inc. as of September 30, 2024, and the changes in its net assets and its functional expenses and cash flows for the years then ended in accordance with accounting standards 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 Statement section of our report. We are required to be independent of 4Paws Rescue Team, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related 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.

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 judgement and maintain professional skepticism through 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 programs 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 4Paws Rescue Team, 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about 4Paws Rescue Team, 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.

Report on Summarized Comparative Information

We have previously audited 4Paws Rescue Team, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 9, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023, is consistent, in all material respects, with the audited financial statements from which it was derived.

Douglas Corey & Associates, P.C.

Fairfax, Virginia
July 29, 2025

4Paws Rescue Team, Inc.
Balance Sheets
September 30, 2024 and 2023
(See Independent Auditor's Report and notes to financial statements)

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 306,867	\$ 199,226
Promises to give	<u>34,317</u>	<u>113,221</u>
Total current assets	341,184	312,447
Property and equipment		
Accumulated depreciation	<u>4,435</u>	<u>4,435</u>
	<u>(3,382)</u>	<u>(3,066)</u>
	1,053	1,369
Investment		
	<u>-</u>	<u>1,568</u>
	<u>\$ 342,237</u>	<u>\$ 315,384</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 125,591	\$ 64,026
Alteration deposits	<u>525</u>	<u>350</u>
Total current liabilities	126,116	64,376
Net Assets		
Without Donor Restrictions	181,804	137,788
With Donor Restrictions	<u>34,317</u>	<u>113,220</u>
	<u>216,121</u>	<u>251,008</u>
	<u>\$ 342,237</u>	<u>\$ 315,384</u>

4Paws Rescue Team, Inc.
Statement of Activities
For the year ended September 30, 2024
With Comparative Totals for 2023
(See Independent Auditor's Report and notes to financial statements)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2024 Total</u>	<u>2023 Total</u>
Revenues and Other Support:				
Adoption fees	\$ 72,280	\$ -	\$ 72,280	\$ 65,790
Combined federal campaign	-	38,095	38,095	43,494
Contributions	244,374	34,317	278,691	295,355
Other program income	-	-	-	1,150
In-kind contributions	16,722	-	16,722	30,302
Stock contribution	7,929	-	7,929	2,532
Interest and dividend income	108	-	108	476
Realized gain (loss)	(894)	-	(894)	101
Unrealized gain (loss)	-	-	-	109
Net assets released from restriction:				
Satisfaction of program restrictions	<u>151,315</u>	<u>(151,315)</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Support	491,834	(78,903)	412,931	439,309
Expenses and Losses:				
Program service				
Adoption	432,942	-	432,942	382,046
Management and general	4,938	-	4,938	5,905
Fundraising	<u>9,938</u>	<u>-</u>	<u>9,938</u>	<u>12,945</u>
Total Expenses and Losses	447,818	-	447,818	400,896
Change in Net Assets	44,016	(78,903)	(34,887)	38,413
Net Assets, beginning of year	<u>137,788</u>	<u>113,220</u>	<u>251,008</u>	<u>212,595</u>
Net Assets, end of year	<u>\$ 181,804</u>	<u>\$ 34,317</u>	<u>\$ 216,121</u>	<u>\$ 251,008</u>

4Paws Rescue Team, Inc.
Statement of Functional Expenses
For the year ended September 30, 2024
With Comparative Totals for 2023
(See Independent Auditor's Report and notes to financial statements)

	<u>Program Services</u>	<u>Supporting Services</u>		<u>2024 Total</u>	<u>2023 Total</u>
	<u>Adoption</u>	<u>Management and General</u>	<u>Fundraising</u>		
Veterinary costs	\$ 345,745	\$ -	\$ -	\$ 345,745	\$ 297,733
Animal supplies	49,712	-	-	49,712	35,758
Medical/veterinary supplies	9,581	-	-	9,581	24,943
CFC fundraising	-	-	8,413	8,413	11,002
Postage & delivery	6,986	-	-	6,986	3,854
Printing and design	2,819	-	1,208	4,027	4,310
Accounting	-	4,000	-	4,000	3,700
Storage	3,396	-	-	3,396	2,804
Advertising	2,975	-	-	2,975	1,684
Travel	2,582	-	-	2,582	2,152
Insurance	2,351	-	-	2,351	1,487
Utilities	2,332	-	-	2,332	3,742
Telephone	2,016	-	-	2,016	1,695
Office expense	818	818	-	1,636	4,278
Internet	805	-	-	805	672
Bank charges, fees and interest	508	120	-	628	393
Other fundraising	-	-	317	317	373
Depreciation	316	-	-	316	316
	<u>\$ 432,942</u>	<u>\$ 4,938</u>	<u>\$ 9,938</u>	<u>\$ 447,818</u>	<u>\$ 400,896</u>

4Paws Rescue Team, Inc.
Statements of Cash Flows
For the years ended September 30, 2024 and 2023
(See Independent Auditor's Report and notes to financial statements)

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ (34,887)	\$ 38,413
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	316	316
Stock contribution	(7,929)	(2,532)
Realized (gain)/loss on investments	894	(101)
Unrealized (gain)/loss on investments	-	(109)
(Increase) decrease in promises to give	78,904	(78,749)
Increase (decrease) in payables	61,565	11,480
Increase (decrease) in alteration deposits	<u>175</u>	<u>100</u>
Net cash provided (used) by operating activities	99,038	(31,182)
Cash flows from investing activities:		
Proceeds from sale of investments	<u>8,603</u>	<u>2,634</u>
Net (decrease) increase in cash	107,641	(28,548)
Cash, beginning of year	<u>199,226</u>	<u>227,774</u>
Cash, end of year	<u>\$ 306,867</u>	<u>\$ 199,226</u>

During the year 4Paws Rescue Team, Inc. had the following noncash transactions which were excluded from the statement of cash flows:

Fair market value of donated goods	\$ <u>16,722</u>	\$ <u>30,302</u>
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Supplemental disclosures:

Cash paid during the year for:

Income taxes	\$ <u>-</u>	\$ <u>-</u>
Interest expense	\$ <u>-</u>	\$ <u>-</u>

4Paws Rescue Team, Inc.
Notes to Financial Statements
September 30, 2024 and 2023
(See Independent Auditor's Report)

Note A - Nature of Organization

4Paws Rescue Team, Inc. ("4Paws") is a volunteer-based non-profit corporation. 4Paws was incorporated on October 25, 1995 in Virginia. 4Paws is organized for the purposes of preventing cruelty to animals and relieving the number of homeless animals by providing an adoption program, extending humane education to the community, promoting the spaying or neutering of pets and feral cats, and providing medical care to sick or injured animals that are then held for adoption. 4Paws' major sources of revenue include donations from the public and adoption fees. 4Paws conducts its programs primarily in the Northern Virginia area.

Note B - Summary of Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Method of Accounting

4Paws' financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

2. Financial Statement Presentation

The financial statements are presented in accordance with U.S. generally accepted accounting principles for nonprofit organizations. Under those principles, 4Paws is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions represent resources that are not subject to donor-imposed stipulations and are available for operations at management's discretion.

Net Assets With Donor Restrictions represent resources restricted by the donor as to purpose or by the passage of time. As of September 30, 2024 and 2023, 4Paws had net assets with donor restrictions totaling \$34,317 and \$113,220, respectively.

4Paws Rescue Team, Inc.
Notes to Financial Statements
September 30, 2024 and 2023
(See Independent Auditor's Report)

Note B - Summary of Accounting Policies, continued

3. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions with donor-imposed restrictions, such as time or purpose restrictions, are recorded as increases in net assets with donor restrictions. When donor-imposed time conditions expire or donor-imposed purpose restrictions are fulfilled, the amounts are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

4. Functional Expense Classification

The costs of providing various program and supporting services have been summarized on a functional basis on the statement of revenue and expenses. Certain costs have been allocated among program and supporting services based upon management estimates as follows:

Adoption – All expenses associated with preventing cruelty, providing an adoption program, educating the community, promoting spaying and neutering of pets and feral cats and providing medical care to animals.

Management and general – All other operating expenses incurred by 4Paws in the accomplishment of its tax –exempt purpose.

Fundraising – All expenses associated with raising funds to support the organization.

5. Income Taxes

Income taxes are not provided for in the financial statements since 4Paws is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

4Paws follows the guidance of Accounting Standards Codification (ASC) 740, Accounting for Income Taxes, related to uncertainties in income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of tax positions take or expected to be taken in a tax return. There are no such uncertain tax positions for 4Paws for the years ended September 30, 2024 and 2023.

4Paws' tax returns are subject to possible examination by taxing authorities. For federal income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

4Paws Rescue Team, Inc.
Notes to Financial Statements
September 30, 2024 and 2023
(See Independent Auditor's Report)

Note B - Summary of Accounting Policies, continued

6. Investments

4Paws Rescue Team, Inc. had investments in an exchange traded stock fund. They were considered available-for-sale securities. Investments were reported at fair value on the balance sheet, with unrealized gains and losses included in the change in net assets. As of September 30, 2024, all investments have been sold.

7. Property, Equipment and Depreciation

Property and equipment with a cost over \$250 are recorded at cost at the date of acquisition. Donations of property and equipment over \$250 are recorded at their estimated fair value at the date of the gift. The assets are depreciated using the double declining balance method over their estimated useful lives, generally five to seven years.

8. Cash and cash equivalents

For purposes of the statement of cash flows, 4Paws considers all highly liquid instruments purchased with a maturity of three months or less to be cash and cash equivalents.

9. Advertising

Advertising costs are charged to expense as incurred. 4Paws's advertising costs totaled \$2,975 and \$1,684 for the years ended September 30, 2024 and 2023, respectively.

10. Use of Estimates

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

Note C – Date of Management's Review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 29, 2025, the date that the financial statements were available to be issued.

4Paws Rescue Team, Inc.
Notes to Financial Statements
September 30, 2024 and 2023
(See Independent Auditor's Report)

Note D – Liquidity

4Paws maintains a liquid cash balance in checking and savings accounts in an amount necessary to meet its anticipated expenditures for approximately 6 months.

4Paws' financial assets available within one year to meet cash needs for general expenditures through September 30, 2025 are as follows:

Financial assets	
Cash and cash equivalents	\$306,867
Less amounts not available within one year	<u> -</u>
Financial assets available within one year for general expenditures within one year	<u>\$306,867</u>

Note E – Fixed Assets

Property and equipment are as follows:

	September 30, 2024	September 30, 2023
Auto trailers	\$ 4,435	\$ 4,435
Accumulated depreciation	<u>(3,382)</u>	<u>(3,066)</u>
Net book value	<u>\$ 1,053</u>	<u>\$ 1,369</u>

Depreciation expense totaled \$316 for the years ended September 30, 2024 and 2023.

4Paws Rescue Team, Inc.
Notes to Financial Statements
September 30, 2024 and 2023
(See Independent Auditor's Report)

Note F– Investments

The adjusted basis and fair value of investments as of September 30, 2024 and 2023 were as follows:

	Adjusted Basis	Fair Value	Unrealized Gains (Losses)
September 30, 2024			
Vanguard Emerging Markets ETF	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
September 30, 2023			
Vanguard Emerging Markets ETF	<u>\$ 1,459</u>	<u>\$ 1,568</u>	<u>\$ 109</u>

Investment income for the years ended September 30, 2024 and 2023 consists of the following:

	2024	2023
Interest and dividend income	\$ 108	\$ 476
Realized gains (losses)	(894)	101
Unrealized gains (losses)	<u>-</u>	<u>109</u>
	<u>\$ (786)</u>	<u>\$ 686</u>

Note G – Fair Value Measurements

FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

4Paws Rescue Team, Inc.
Notes to Financial Statements
September 30, 2024 and 2023
(See Independent Auditor's Report)

Note G – Fair Value Measurements, continued

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at September 30, 2024 and 2023:

<u>Description</u>	<u>Fair Value</u>	<u>Significant Observable Inputs (Level 1)</u>
September 30, 2024		
Vanguard Emerging Markets ETF	<u>\$ -</u>	<u>\$ -</u>
September 30, 2023		
Vanguard Emerging Markets ETF	<u>\$ 1,568</u>	<u>\$ 1,568</u>

The carrying amounts reflected in the balance sheet for cash, promises to give and accounts payable approximates fair value due to the short maturities of those instruments.

Note H – Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give at September 30, 2024 and 2023 totaled \$34,317 and \$113,221, respectively. Promises to give are expected to be collected within one year. Any promises to give that are not collected within one year will be reported as a direct write-off in that year.

Note I – Net Assets with Donor Restrictions

During the years ended September 30, 2024 and 2023, net assets of \$151,315 and \$47,310, respectively, were released from donor restrictions by meeting the time restrictions or by incurring expenses satisfying the purpose restrictions specified by donors.

4Paws Rescue Team, Inc.
Notes to Financial Statements
September 30, 2024 and 2023
(See Independent Auditor's Report)

Note I – Net Assets with Donor Restrictions, continued

Net Assets with Donor Restrictions are available for the following purposes:

	September 30, 2024	September 30, 2023
Promises to give	<u>\$34,317</u>	<u>\$113,220</u>

Note J – Concentrations/Major Donor

During the year ended September 30, 2024, 4Paws received approximately 18% of its total support from adoption fees.

During the year ended September 30, 2023, 4Paws received approximately 15% of its total support from adoption fees. Also, during the year ended September 30, 2023, 4Paws received approximately 10% of its total support from the Combined Federal Campaign. This money is passed through from individual donors that designate 4Paws as the recipient organization. As of September 30, 2023, 27% of the Promises to give are due from the Combined Federal Campaign.

Note K – Related Party Transactions

During the year ended September 30, 2024, contributions from board members totaled \$16,722 and comprised 4% of total support. During the year ended September 30, 2023, contributions from board members totaled \$30,302 and comprised 7% of total support.

Note L – Fundraising expense

During the year ended September 30, 2024, 4Paws recorded administrative charges of \$8,413 related to the Combined Federal Campaign. Total fundraising costs were \$9,938.

During the year ended September 30, 2023, 4Paws recorded administrative charges of \$11,002 related to the Combined Federal Campaign. Total fundraising costs were \$12,945.

4Paws Rescue Team, Inc.
Notes to Financial Statements
September 30, 2024 and 2023
(See Independent Auditor's Report)

Note M – In-kind Donations

Contributions of donated non-cash assets and services are recorded at their fair market values in the period received. For the year ended September 30, 2024, non-cash contributions consist of supplies valued at \$12,322, miscellaneous administrative expenses valued at \$4,300, veterinary services valued at \$100, and stock valued at \$7,929. For the year ended September 30, 2023, non-cash contributions consist of supplies valued at \$9,796, miscellaneous administrative expenses valued at \$7,937, veterinary services valued at \$12,569, and stock valued at \$2,532.

Unpaid volunteers contribute their time to forward the 4Paws' program services. Those donated services do not meet the criteria for recognition as donated services under generally accepted accounting principles, and no value has been included in these financial statements.