

AUDITED FINANCIAL STATEMENTS

PAWS HUMANE, INC.

DECEMBER 31, 2024



AUDITED FINANCIAL STATEMENTS
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DECEMBER 31, 2024

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DOUGHERTY
MCKINNON & LUBY

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Paws Humane, Inc.
Columbus, Georgia

Opinion

We have audited the accompanying financial statements of Paws Humane, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses and cash 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 PAWS Humane, Inc., as of December 31, 2024, and the results of its activities 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 Paws Humane, 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.

Responsibility 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 Paws Humane, 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 Responsibility 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 Paws Humane, 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 Paws Humane, 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.



Columbus, Georgia
November 12, 2025



STATEMENT OF FINANCIAL POSITION
PAWS HUMANE, INC.
DECEMBER 31, 2024

ASSETS

Cash and cash equivalents	\$	425,588
Accounts receivable -- Note J		29,621
Inventories		18,665
Grant receivable -- Note J		27,513
Beneficial interest in charitable trusts -- Notes B and I		1,166,581
Investments -- Note C		2,154,348
Property and equipment, net -- Notes D and E		3,925,258

TOTAL ASSETS \$ 7,747,574

LIABILITIES AND NET ASSETS

LIABILITIES -- Note J

Accounts payable	\$	84,935
Accrued expenses		141,946
Refundable advances		125,606
Note Payable -- Note E		232,764

TOTAL LIABILITIES 585,251

NET ASSETS -- Note H

Without donor restrictions		4,353,495
With donor restrictions -- Note F		2,808,828

7,162,323

CONTINGENCIES -- Note B

\$ 7,747,574

See notes to financial statements



STATEMENT OF ACTIVITIES

PAWS HUMANE, INC.

YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions -- Notes B and I	\$ 716,626	\$ 174,949	\$ 891,575
In-Kind Contributions -- Note G	362,674	0	362,674
Program service fees:			
Adoptions	93,170	0	93,170
Spay/Neuter	305,537	0	305,537
Treatment/Wellness	332,697	0	332,697
Other	10,732	0	10,732
Product sales	286,545	0	286,545
Investment income, net --			
Notes C and F	69,820	155,461	225,281
Gain on sale of property	189,959	0	189,959
Other income	5,841	0	5,841
Net assets released from restric- tions -- Note F	392,907	(392,907)	0
	<u>2,766,508</u>	<u>(62,497)</u>	<u>2,704,011</u>
EXPENSES -- Notes E, F and G			
Program services:			
Animal care and pet adoption	2,424,927	0	2,424,927
Cost of goods sold	193,413	0	193,413
Supporting services:			
Management and general	326,862	0	326,862
Fundraising expenses	336,987	0	336,987
	<u>3,282,189</u>	<u>0</u>	<u>3,282,189</u>
INCREASE (DECREASE) IN NET ASSETS	(515,681)	(62,497)	(578,178)
Net assets at January 1, 2024	4,869,176	2,871,325	7,740,501
NET ASSETS AT			
DECEMBER 31, 2024	\$ 4,353,495	\$ 2,808,828	\$ 7,162,323

See notes to financial statements



STATEMENT OF FUNCTIONAL EXPENSES

PAWS HUMANE, INC.

YEAR ENDED DECEMBER 31, 2024

	Program Services			Total Program Services
	Adoption Center	Vet Clinic	Other	
Compensation and related taxes	\$ 445,809	664,977	162,305	\$ 1,273,091
Medical supplies	0	0	301,069	301,069
Cost of goods sold	63,770	129,590	53	193,413
Depreciation expense	128,319	45,625	8,555	182,499
Animal supplies and training	0	0	234,702	234,702
Utilities	84,990	30,219	5,666	120,875
Maintenance	11,279	3,839	599	15,717
Health insurance	7,399	21,571	(311)	28,659
Marketing	0	0	0	0
Legal and professional	0	0	1,950	1,950
Janitorial	15,375	5,467	1,025	21,867
Processing fees	2,955	5,989	0	8,944
Insurance	24,982	11,918	1,580	38,480
Interest	0	0	22,944	22,944
Special events	0	0	139,375	139,375
Computer expense	5,522	4,762	163	10,447
Dues	0	448	0	448
Office supplies and equipment	545	2,167	41	2,753
Travel	0	0	431	431
Seminars	0	1,282	1,341	2,623
Meals	97	329	39	465
Vehicle expense	0	0	15,552	15,552
Licenses	0	1,111	0	1,111
Miscellaneous	94	831	0	925
TOTAL	\$ 791,136	\$ 930,125	\$ 897,079	\$ 2,618,340

See notes to financial statements



<u>Supporting Services</u>		
<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
\$ 104,573	181,902	\$ 1,559,566
0	0	301,069
0	0	193,413
3,802	3,802	190,103
0	14	234,716
2,518	2,518	125,911
17,710	266	33,693
57,434	27,553	113,646
620	85,551	86,171
63,211	0	65,161
456	456	22,779
15,298	0	24,242
9,895	5,114	53,489
478	478	23,900
246	8,268	147,889
12,765	17,945	41,157
368	115	931
18,119	2,246	23,118
2,694	0	3,125
0	622	3,245
606	0	1,071
529	0	16,081
582	0	1,693
14,958	137	16,020
<u>\$ 326,862</u>	<u>\$ 336,987</u>	<u>\$ 3,282,189</u>



STATEMENT OF CASH FLOWS
PAWS HUMANE, INC.
YEAR ENDED DECEMBER 31, 2024

CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES		
Decrease in net assets		\$(578,178)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	\$ 190,102	
Gain on disposal of property and equipment	(189,959)	
Change in value of investments held in trust	(155,462)	
Change in value of beneficial interest in charitable trusts	(65,437)	
Investment income reinvested, net	(14,689)	
Restricted contributions	(109,512)	
Realized gain on sale of investments	(651)	
Unrealized gain on investments	(54,480)	
Contributions of marketable equity securities	(24,003)	
Changes in account balances:		
Accounts receivable	(11,566)	
Beneficial interest in charitable trusts	7,628	
Grant receivable	(27,513)	
Inventories	16,014	
Accounts payable	3,930	
Accrued expenses	53,241	
Refundable advances	79,190	(303,167)
	NET CASH USED IN OPERATING ACTIVITIES	(881,345)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment		220,800
Proceeds from sale of investments		1,906,261
Purchases of investments		(1,534,598)
	NET CASH PROVIDED FROM INVESTING ACTIVITIES	592,463
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable		(26,000)
Cash received on donor-restricted contributions		109,512
	NET CASH PROVIDED FROM FINANCING ACTIVITIES	83,512
	NET DECREASE IN CASH AND CASH EQUIVALENTS	(205,370)
Cash and cash equivalents at January 1, 2024		<u>630,958</u>
	CASH AND CASH EQUIVALENTS AT DECEMBER 31, 2024	<u>\$ 425,588</u>



STATEMENT OF CASH FLOWS - Continued

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

During 2024 PAWS Humane, Inc. received contributions of marketable equity securities summarized as follows:

	Without Donor Restrictions	With Donor Restrictions
Marketable equity securities	\$ 24,003	\$ 0

During 2024 PAWS Humane, Inc. received payments on pledges receivable in the form of marketable equity securities and other investments summarized as follows:

	Net Assets	
	Without Donor Restrictions	With Donor Restrictions
Payments on pledges with marketable equity securities and other investments	\$ 195,214	\$ 0

During 2024 PAWS Humane, Inc. also received various gifts in kind totaling \$362,674 which are recorded as contributions without donor restrictions and program expenses in the accompanying Statement of Activities.

During 2024 PAWS Humane, Inc. paid interest on debt totaling \$22,103 which is included in program services and supporting services in the accompanying Statements of Activities and Functional Expenses.

() denotes deduction

See notes to financial statements



NOTES TO FINANCIAL STATEMENTS

PAWS HUMANE, INC.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities: Paws Humane, Inc. (PHS) is a 501(c)(3) nonprofit organization whose mission is to enrich the lives of both animals and people as a solution-based community resource for animal welfare by providing high-volume and high-quality spay/neuter, rescue and adoption services, volunteer opportunities, outreach and education. PHS works in partnership with the City of Columbus to enhance and supplement the services offered by the City's Animal Care and Control Department, reduce the need for euthanasia of unwanted animals because of pet overpopulation and find a loving and compatible home for every adoptable animal.

Operations or activities of PHS are as follows:

Adoption Center: The Adoption Center (Center), is licensed under the State of Georgia Department of Agriculture and publicly promotes the adoption of companion animals from PHS facilities. The Center takes in animals from high kill animal control facilities, other rescues and accepts owner surrenders, providing care while the animals are waiting to be adopted. The Center provides 114 rooms for dogs, cats and puppies throughout the facility. PHS also regularly participates with local retailers in its efforts to end animal homelessness by adopting animals to the public. In addition, PHS works with organizations across the United States to transport animals from overcrowded shelters in the local area to shelters in other areas where the demand for pets is higher than the availability. The Center provides obedience training, individually and in structured classes, as well as aggression assessments to provide the proper information needed to place an animal in the right home, and provides support after the adoption. At times, PHS relies upon volunteer foster families to house animals with special needs and provide them with the love and care they need until a permanent home can be found. The Center also houses a small retail shop offering various pet supplies and toys.

Vet Clinic: PHS provides high volume and high quality spay or neuter services and wellness care at a low cost to reduce pet overpopulation and enhance the well-being of the animals.

Humane Education: PHS utilizes volunteer teams of human and animal companions to provide humane education to the community. Programs are provided in local schools and on site.

Community Outreach: PHS utilizes volunteer teams to provide humane education to the community by teaching fundamentals of responsible pet ownership and serves as a resource to bring people and animals together.

Cash and Cash Equivalents: PHS considers cash equivalents to include all highly liquid instruments with an initial maturity of three months or less and that are not a component of funds with donor restrictions.

Fair Value Measurements: Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements.

The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable



NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). The fair value hierarchy is summarized as follows:

Level 1 inputs are quoted prices in active markets for identical investments that the investment manager 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 investment, either directly or indirectly.

Level 3 inputs are unobservable inputs for the investment.

PHS's Statement of Financial Position includes the following financial instruments that are required to be measured at fair value on a recurring basis:

- Investments in common stock are considered Level 1 assets and are reported at fair value based on quoted prices in active markets for identical assets at the measurement date.
- The assets held by trustees (See Note C) are considered a Level 3 asset and are reported at fair value based on management's assumptions about the expected investment return on values provided by the Trustees.

Pledge and Accounts Receivable: Contributions are recognized when the donor makes an unconditional promise to give to PHS. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions due in less than one year are recorded at their net realized value upon receipt and contributions due in more than one year are recorded at their net present value on the date received. For financial reporting purposes, bad debts are accounted for using the allowance method based on experience, current evaluation of accounts and an evaluation of the current and anticipated economic conditions in the area in which PHS operates. Management believes that all pledges and accounts receivable are collectible, thus there is no allowance for bad debts at December 31, 2024.

Pledges and accounts receivable are uncollateralized and recorded at their net realizable value which approximates fair value at December 31, 2024.

Inventories: Inventories are valued at the lower of cost or market. Cost is determined on the first-in, first-out method. Donated items are recorded at estimated fair value at the date of donation.

Property and Equipment: Property and equipment are recorded at cost at the date of purchase or fair value on the date contributed and depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Building	5 - 40 years
Land improvements	5 years
Furniture, fixtures and equipment	2 - 15 years
Vehicles	5 - 7 years

Maintenance, repairs and minor renewals are charged against income when incurred and additions and major renewals are capitalized.

Contributions: Contributions, including cash and other assets, are recognized as restricted contributions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time



NOTES TO FINANCIAL STATEMENTS

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying Statement of Activities as net assets released from restrictions.

PHS often receives grants from other organizations for funding spay/neuter services and adoptions. Amounts received from these organizations with conditions that must be met are recorded as refundable advances until all performance obligations are satisfied. Once the performance obligations are satisfied, the grants are recorded as contributions in the Statement of Activities. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

PHS reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, PHS reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated Materials & Services: Donated materials and services are recorded as contributions in the accompanying financial statements at their estimated fair value upon receipt. PHS recognizes donated materials, primarily consisting of animal food and medical supplies, valued at their approximate fair market value at the time of receipt. Donated services, which include web advertising, are valued based on estimated prices for comparable products or services. During 2024, PHS received approximately 68,000 hours of volunteer service. While unpaid volunteers have made significant contributions of time, the value of this contributed time is not reflected in the accompanying financial statements, as it does not create or enhance non-financial assets or involve specialized skills.

Support and Revenue: Revenue streams applicable to PHS that qualify as exchange transactions with "customers" (primarily adoption, veterinary services and product sales) are recognized at a single point in time based on the transfer of control for products sold or when a service is rendered.

Advertising: PHS uses advertising to promote its programs throughout the community. Advertising expenses are expensed as incurred and totaled approximately \$86,000 for 2024.

Functional Expenses: The costs of providing PHS' programs and other activities have been summarized on a functional basis in the Statements of Activities and Functional Expenses.

Expenses that can be identified with a specific activity are charged directly to that activity. Expenses that are common to several activities are allocated to the various activities based on estimated usage.

Income Taxes: PHS is exempt from income tax under Section 501 (c) (3) of the Internal Revenue Code, except to the extent of unrelated business taxable income.



NOTES TO FINANCIAL STATEMENTS

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

There was no unrelated business income for the year ended December 31, 2024, accordingly, there is no provision for federal or state income taxes in the accompanying financial statements.

PHS has not identified any uncertainties with respect to income tax positions for the year ended December 31, 2024. Accordingly, no provision for interest or penalties related to unrecognized tax benefits has been made in the accompanying financial statements. In addition, PHS's information for 2022 - 2024 is eligible to be examined by the state and federal taxing jurisdictions to which it reports.

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 certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations of Credit Risk: Financial instruments that are exposed to concentrations of credit risk consist of cash and cash equivalents, accounts receivable, pledges receivable and investments.

Subsequent Events: PHS has evaluated events through the date of the auditor's report which is the date when the audited financial statements were available to be issued.

NOTE B -- BENEFICIAL INTEREST IN CHARITABLE TRUSTS

The beneficial interest in charitable trusts consists of the following:

Reich Family trust \$ 1,166,581

The Reich Family Trust consists of the value of the assets in the Reich Family Trust at December 31, 2024. Upon the death of the last named beneficiary of the trust, the trust income will become available for the unrestricted use of PHS and the corpus of the trust consists of investments to be held in perpetuity. The change in value for the year ended December 31, 2024, of \$65,438, is included in contributions in the accompanying Statement of Activities.

NOTE C -- INVESTMENTS

Investments, stated at fair value, are summarized as follows at December 31, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Common Stocks	\$ 343,466	\$ 0	\$ 343,466
Fixed income securities	178,638	0	178,638
Assets held by trustees	0	1,632,244	1,632,244
	<u>\$ 522,104</u>	<u>\$ 1,632,244</u>	<u>\$ 2,154,348</u>



NOTES TO FINANCIAL STATEMENTS

NOTE C -- INVESTMENTS - Continued

Investment income from cash equivalents and investments is summarized as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest, net of expenses of \$6,380	\$ 14,689	\$ 0	\$ 14,689
Net unrealized gains	54,480	0	54,480
Net realized gains	651	0	651
Change in value of assets held by trustees -- Note F	<u>0</u>	<u>155,461</u>	<u>155,461</u>
	<u>\$ 69,820</u>	<u>\$ 155,461</u>	<u>\$ 225,281</u>

Realized and unrealized gains and losses related to investments of unrestricted net assets are unrestricted and realized and unrealized gains and losses related to investments of donor-restricted net assets are subject to the same restrictions as other investment income earned on such investments.

The following table summarizes assets measured at fair value by classification within the fair value hierarchy at December 31, 2024:

	Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Common stocks	\$ 343,466	\$ 343,466	\$ 0
Fixed income securities	178,638	178,638	0
Assets held by trustees	<u>1,632,244</u>	<u>0</u>	<u>1,632,244</u>
	<u>\$ 2,154,348</u>	<u>\$ 522,104</u>	<u>\$ 1,632,244</u>

Activity in the Level 3 investments consisted of the following for the year ended December 31, 2024:

Balance at beginning of year	\$ 1,567,337
Investment gains	155,461
Distributions	<u>(90,554)</u>
Balance at end of year	<u>\$ 1,632,244</u>

NOTE D -- PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

Building and improvements	\$ 6,069,138
Land and improvements	228,696
Furniture, fixtures and equipment	313,793
Vehicles	<u>96,174</u>
	6,707,801
Less accumulated depreciation	<u>2,782,543</u>
Property and equipment, net	<u>\$ 3,925,258</u>



NOTES TO FINANCIAL STATEMENTS

NOTE E -- NOTE PAYABLE

At December 31, 2024, PHS had a note payable with a bank with an outstanding balance of \$232,764 with interest at the prime rate plus 0.25% (with a 4.75% floor). The note agreement requires monthly payments of interest and a one-time principal payment of \$26,000 in September, 2024 with the balance due in September, 2025. PHS refinanced this note in September, 2025 with a new maturity date of March 16, 2026. Based upon the refinancing, PHS is to make interest only payments with the interest rate at prime plus 0.20% (with a 5% floor). The note is collateralized by PHS's facilities. Interest expense on this note was \$22,103 for the year ended December 31, 2024, which is included in expenses that are allocated between program services and supporting services in the accompanying Statements of Activities and Functional Expenses.

In addition, PHS had a \$250,000 open line of credit with a bank which matured in May 2025. At December 31, 2024, the outstanding balance on the line of credit was \$0 and the interest rate was the prime rate plus 1% (with a 5% floor). PHS did not renew the line of credit upon its maturity in May 2025, however, it intends to seek renewal in 2025.

NOTE F -- NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or periods:

Net assets subject to expenditure for specified purposes:

Subject to spending policy:

Sacerdote trust	\$ 399,502
Donor-restricted endowment funds - investments in perpetuity, the income of which is available for expenditure for general operations of PHS:	
Reich Humane Society Trust	857,138
Charles Reich III Charitable Remainder Trust	375,606
Reich Family Trust (See Note B)	1,166,582
Net assets subject to time restrictions	<u>10,000</u>
	<u>\$ 2,808,828</u>

The Sacerdote trust instrument, as amended, defines income as 5% of the net fair market value of the trust's assets averaged over the preceding 3 years, and requires that the trustee follow an investment policy seeking a total return for the investments. The trust is reported at its fair market value and its gains and losses are included in the accompanying Statement of Activities as increases or decreases in donor restricted net assets. Net assets are released from restriction upon distribution of the income as defined in the preceding paragraph to PHS for its discretionary use. The corpus of the trust may only be used with the permission of the trustee.



NOTES TO FINANCIAL STATEMENTS

NOTE F -- NET ASSETS WITH DONOR RESTRICTIONS - Continued

The Reich Humane Society Trust and the Charles Reich III Charitable Remainder Trust consist of investments in perpetuity which are held by third party trustees (See Note C). The income from these trusts is available for use in the operations of PHS. The investments of these trusts are managed and selected by the trustees rather than by PHS. The trust instruments, as amended, define income as 4.50% of the net fair market value of the trust's assets, averaged over the preceding three years, and require that the trustees follow an investment policy seeking a total return for the investments.

The Reich Family Trust consists of investments in perpetuity, the income of which, as defined in the preceding paragraph, is available to family beneficiaries. Upon the death of the last named beneficiary, the trust income will become available for the unrestricted use of PHS.

The donor-restricted endowment funds of PHS are held by Synovus Trust (Synovus). Synovus manages the funds in accordance with UPMIFA. Synovus' objective is to maintain the purchasing power of the endowment funds given the spending rate set by the trust instruments as stated above. The fair value of the assets in the donor-restricted endowment funds may fall below the level that the donors require PHS to retain as a fund of perpetual duration, but the fair value exceeded the required levels at December 31, 2024.

The trusts are reported at fair market value and the gains and losses are included in the accompanying Statement of Activities as increases or decreases in donor-restricted net assets (see Note C). Net assets are released from restriction upon distribution to PHS for its discretionary use.

The changes in endowment funds for 2024 are summarized as follows:

Balance at January 1, 2023	\$ 2,271,861
Investment return, net	181,240
Appropriated for expenditure	<u>(53,775)</u>
Balance at December 31, 2024	<u>\$ 2,399,326</u>

NOTE G -- IN-KIND CONTRIBUTIONS

In-Kind contributions consisted of the following for the year ended December 31, 2024:

Marketing	\$ 22,665
Rent	138,275
Animal Supplies	201,634
Other	<u>100</u>
Total In-Kind Contributions	<u>\$ 362,674</u>

PHS values its in-kind contributions based on estimated average prices for identical or similar services and products, utilizing pricing data from comparable items under a "like-kind" methodology, while considering the utility of the services and goods at the time



NOTES TO FINANCIAL STATEMENTS

NOTE G -- IN-KIND CONTRIBUTIONS - Continued

of contribution. There were no restrictions placed on in-kind contributions, PHS does not sell donated gifts-in-kind as it exclusively uses the goods and services for its own program or supporting service activities.

NOTE H -- LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects PHS financial assets as of December 31, 2024, reduced by amounts not available for general use due to contractual or donor-imposed restrictions, that are available within one year of the balance sheet date.

Financial assets at December 31, 2024	\$ 3,803,650
Less those unavailable for general expenditures within one year due to donor restrictions due to:	
Charitable trusts with payments due in more than one year	362,723
Assets restricted by donor to be maintained as an endowment	<u>2,399,326</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,041,601</u>

As part of PHS liquidity management, it holds cash in operating bank accounts and money market funds at a high-credit quality financial institution.

NOTE I -- RELATED PARTY TRANSACTIONS

Board members and employees made cash contributions to PHS totaling approximately \$83,000 in 2024.

NOTE J -- FAIR VALUES OF FINANCIAL INSTRUMENTS

PHS estimates that the fair value of receivables, payables, accrued liabilities and refundable advances approximate carrying value due to the short maturity of these instruments. The fair value of the borrowing under the note payable agreement approximates carrying value because this borrowing accrues interest at a rate approximating current market rates.

NOTE K -- SUBSEQUENT EVENT

Effective February 1, 2025, PHS entered into a 3-year agreement with the Consolidated Government of Columbus, Georgia to manage its Animal Care and Control Department (CACC). In exchange for their services, PHS has a budget of \$3,200,000 which will be funded by the Consolidated Government. PHS will lease the building that CACC was previously operating out of for \$1 per annum and manage both the animal shelter operations and the animal field services in accordance with Federal, State and City ordinances.