

**AUDITED FINANCIAL STATEMENTS
PALMETTO ANIMAL ASSISTED LIFE SERVICES
Columbia, South Carolina**

December 31, 2023

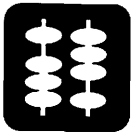
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Palmetto Animal Assisted Life Services
Columbia, South Carolina

We have audited the accompanying financial statements of Palmetto Animal Assisted Life Services (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities 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 Palmetto Animal Assisted Life Services as of December 31, 2023, 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 Palmetto Animal Assisted Life Services 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Palmetto Animal Assisted Life Services 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 an 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 judgement made by a reasonable user based on the financial statements.

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

1. Exercise professional judgement and maintain professional skepticism through the audit.
2. 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.
3. 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 Palmetto Animal Assisted Life Services internal control. Accordingly, no such opinion is expressed.
4. 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.
5. Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Palmetto Animal Assisted Life Services 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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 7 and the schedule of special events on pages 16-17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Kyle and Company, PC
Columbia, South Carolina

September 16, 2024

STATEMENT OF FINANCIAL POSITION
PALMETTO ANIMAL ASSISTED LIFE SERVICES

December 31, 2023

ASSETS

CURRENT ASSETS

Cash	\$	233,950
Accounts receivable		5,401
Prepaid expenses		5,502
Investments-Note B		489,084
		489,084

TOTAL CURRENT ASSETS 733,937

FIXED ASSETS

Land		39,100
Building		296,902
Leasehold improvements		21,245
Vehicles		24,566
Furniture and equipment		19,055
		19,055

400,868

Less: accumulated depreciation		(105,736)
		(105,736)

TOTAL FIXED ASSETS 295,132

TOTAL ASSETS \$ 1,029,069

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$	3,958
Accrued expenses		2,047
Accrued payroll and payroll taxes		16,829
		16,829

22,834

NET ASSETS

Net assets without donor restrictions		997,086
Net asset with donor restrictions		9,149
		9,149

NET ASSETS 1,006,235

See Notes to the Financial Statements. \$ 1,029,069

STATEMENT OF ACTIVITIES

PALMETTO ANIMAL ASSISTED LIFE SERVICES

For the Year Ended December 31, 2023

	<u>Without Donors Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total All Funds</u>
REVENUES AND GAINS			
Individual contributions	\$ 114,160	\$ 13,021	\$ 127,181
Client contributions	15,729	-	15,729
Program revenue	10,200	-	10,200
Fundraising revenue	182,190	-	182,190
Grant income	58,675	-	58,675
Naming contributions	11,500	-	11,500
Indirect public support	1,455	-	1,455
In-Kind donations	4,385	-	4,385
Investment revenue	4,475	-	4,475
Realized gains	7,996	-	7,996
Unrealized gains	63,607	-	63,607
Other revenue	1,647	-	1,647
Net Assets released from restrictions			
Satisfaction of program restrictions	12,107	(12,107)	-
	<u>488,126</u>	<u>914</u>	<u>489,040</u>
EXPENSES AND LOSSES			
Program services	498,682	-	498,682
Fundraising	8,281	-	8,281
Management and general	45,952	-	45,952
	<u>552,915</u>	<u>-</u>	<u>552,915</u>
INCREASE DECREASE) IN NET ASSETS	(64,789)	914	(63,875)
Net assets beginning of year	<u>1,061,875</u>	<u>8,235</u>	<u>1,070,110</u>
NET ASSETS END OF YEAR	<u>\$ 997,086</u>	<u>\$ 9,149</u>	<u>\$ 1,006,235</u>

See Notes to the Financial Statements.

STATEMENT OF FUNCTIONAL ALLOCATION OF EXPENSES

PALMETTO ANIMAL ASSISTED LIFE SERVICES

For the Year Ended December 31, 2023

	Program Services	Support Services		Total Support Services	Total All Services
		Management & General	Fundraising		
COMPENSATION					
Wages	\$ 326,417	\$ -	\$ -	\$ -	\$ 326,417
Employee benefits	5,105	-	-	-	5,105
Payroll taxes	28,175	-	-	-	28,175
Total Personnel	<u>359,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>359,697</u>
ANIMAL EXPENSE					
Veterinary	17,689	-	-	-	17,689
Food and supplies	26,649	-	-	-	26,649
Puppies	2,350	-	-	-	2,350
Training facility	18,499	-	-	-	18,499
Other costs	-	-	-	-	-
Total Occupancy	<u>65,187</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,187</u>
GENERAL EXPENSES					
Office supplies	2,634	3,269	-	3,269	5,903
Computer hardware/software	13,433	1,585	-	1,585	15,018
Telephone	2,209	-	-	-	2,209
Postage	731	566	5,581	6,147	6,878
Vehicle expense	7,339	-	-	-	7,339
Travel and education	5,323	-	-	-	5,323
Insurance	4,200	2,101	-	2,101	6,301
Printing	326	760	7,787	8,547	8,873
Dues	4,573	-	-	-	4,573
Professional fees	5,055	-	16,169	16,169	21,224
Website and advertising	1,477	-	-	-	1,477
Special events	5,706	-	8,866	8,866	14,572
Depreciation	17,715	-	-	-	17,715
Merchant and bank fees	2,326	-	7,549	7,549	9,875
Other taxes	751	-	-	-	751
Total general expense	<u>73,798</u>	<u>8,281</u>	<u>45,952</u>	<u>54,233</u>	<u>128,031</u>
GRAND TOTAL	<u>\$ 498,682</u>	<u>\$ 8,281</u>	<u>\$ 45,952</u>	<u>\$ 54,233</u>	<u>\$ 552,915</u>

See Notes to the Financial Statements.

STATEMENT OF CASH FLOWS
PALMETTO ANIMAL ASSISTED LIFE SERVICES

For the Year Ended December 31, 2023

Cash in-flows (out-flows) from operating activities		\$	
Changes in net assets			(63,875)
Adjustments to reconcile changes in net assets to cash provided by operating activities			
Accounts receivable			(2,197)
Other assets			(731)
Net (gains) losses on investments			(71,603)
Depreciation			17,715
Changes in operating assets and liabilities			
Accrued expenses			<u>7,190</u>
NET CASH USED BY OPERATING ACTIVITIES			(113,501)
Cash in-flows (out-flows) from investing activities			.
Increase in investments account			<u>(10,024)</u>
NET CASH USED BY INVESTING ACTIVITIES			<u>(10,024)</u>
NET DECREASE IN CASH			(123,525)
Cash at beginning of year			<u>357,478</u>
CASH AT END OF YEAR			<u>\$ 233,950</u>

See Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

PALMETTO ANIMAL ASSISTED LIFE SERVICES

December 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting principles followed by Palmetto Animal Assisted Life Services (PAALS) and the methods of applying those principles which materially affect the determination of the financial position, results of operations, changes in net assets, and cash flows are summarized as follows:

Nature of Operations

PAALS was established in 2006 as a non-profit corporation. The mission is to enrich and empower children and adults with physical, intellectual, and emotional disabilities by training service animals and providing animal assisted educational, therapeutic and recreational activities. The Organization accomplishes this by training puppies and young dogs as service animals and places them with individuals in need.

Financial Statement Presentation

The financial statements of PAALS have been prepared on the accrual basis of accounting, recognizing revenue when earned and expenses when the related liabilities are incurred.

The Organization has presented its financial statements in accordance with principles generally accepted in the United States of America. Under those principles, PAALS is required to report information regarding its financial position and activities according to two classes of net assets:

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 Board of Directors for approved expenditures.

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 Palmetto Animal Assisted Life Services or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained 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 statements of activities.

Measure of Operations

The statement of activities reports all changes in net assets. Operating activities consist of those items attributable to Palmetto Animal Assisted Life Services ongoing training and placement of service animals and the interest and dividends earned on investments.

NOTES TO FINANCIAL STATEMENTS

PALMETTO ANIMAL ASSISTED LIFE SERVICES

December 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Cash and Cash Equivalents

PAALS considers cash to include all cash on deposit with banks. Cash equivalents represent money market funds or short term investments with original maturities of three months or less from the date of purchase.

Property and Equipment

It is PAALS's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost, if purchased at fair market value or at the date of the donation, if contributed. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donations must be maintained, PAALS reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Depreciation is provided using straight line method over the useful estimated life of the asset. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation expense for the year ended December 31, 2023 is \$17,715.

In-Kind Donations

Donated services are recognized as contributions if the services (a) created or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. During the year ended December 31, 2023, the value of services donated by professionals meeting the requirements for recognition in the financial statements was not material. In addition, many individuals volunteer their time and perform a variety of tasks that assist PAALS at its' facilities, but these services do not meet the criteria for recognition as contributed services. PAALS receives more than 35,000 volunteer hours per year.

Investments

Investments in marketable securities with readily determinable fair values and all investment in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met either by the passage of time or by use in the reporting period in which the income and gains are recognized. Investment expense for the period ended December 31, 2023 is \$3,379. This amount is used to offset income.

NOTES TO FINANCIAL STATEMENTS
PALMETTO ANIMAL ASSISTED LIFE SERVICE

December 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--continued

Income Taxes

PAALS is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities and is not considered a “private foundation” by the Internal Revenue Service.

PAALS required that a tax position be recognized or derecognized based on a “more-likely-than-not” threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include, or reflect, any uncertain tax positions.

PAALS form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the taxing authorities generally for three years from the date of filing.

Use of Estimates

PAALS uses estimates and assumptions in preparing its financial statements in accordance with generally accepted accounting principles in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Functional Allocation of Expenses

The costs of providing programs and supporting services have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and the supporting services benefited. These expenses required allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation, employee benefits, and general expenses, which are allocated on the basis of estimated time and effort by employees. Expenses directly identifiable to specific programs and supporting activities are presented accordingly.

Concentrations of Credit Risk

Financial instruments that potentially subject Palmetto Animal Assisted Life Services to concentrations of credit risk consist principally of cash and cash equivalents and investments. PAALS maintains its cash in various bank accounts that, at times, may exceed federally insured limits. PAALS cash and cash equivalents have been placed with high credit quality financial institutions. PAALS has not experienced, nor does it anticipate, any losses with respect to such accounts.

NOTES TO FINANCIAL STATEMENTS

PALMETTO ANIMAL ASSISTED LIFE SERVICES

December 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--continued

Investments

Investments are reported at cost, if purchased, or at fair value if donated. Thereafter, investments are reported at their fair values in the statement of financial position, and changes in fair value are reported as investment return in the statement of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are recorded in the statements of activities in the period in which securities are sold. Interest is recorded when earned. Dividends are recorded as of the ex-dividend date.

Grants and Contributions

Unconditional grants and contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor 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 the restriction. 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.

Contributed property and equipment are recorded at fair value at the date of the 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.

Conditional contributions received are reported as refundable advances until the conditions have been substantially met or explicitly waived by the donor. Revenue is recognized on the date that the condition is met.

Reclassifications

Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations. Net assets without donor restrictions in the amount of \$8,235 have been reclassified to net assets with donor restrictions.

NOTES TO FINANCIAL STATEMENTS

PALMETTO ANIMAL ASSISTED LIFE SERVICE

December 31, 2023

NOTE B - FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

ASC Topic 820 establishes a framework for measuring fair value. That framework provides 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 unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC Topic 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that PAALS has the ability to access.

Level 2 - Inputs to the valuation methodology include

1. Quoted prices for similar assets or liabilities in active markets;
2. Quoted prices for identical or similar assets or liabilities in inactive markets;
3. Inputs other than quoted prices that are observable for the asset or liability;

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

PAALS used the following methods and assumptions to estimate the fair value of each class of financial statements for which it is practicable to estimate such value:

Cash and short term investments - The carrying amount approximates fair value because of the short maturity of those instruments. (Level 1)

Investments - The carrying amount of the investment is at quoted market prices for identical assets in active markets. (Level 1)

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although PAALS believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTES TO FINANCIAL STATEMENTS
PALMETTO ANIMAL ASSISTED LIFE SERVICE

December 31, 2023

NOTE C - INVESTMENTS

Investments consist of the unrestricted assets which are recorded at market value for financial statements presentation. All investments are valued using level 1 inputs.

	Market Value	Cost	Unrealized Appreciation (Depreciation)
Equities	\$ 152,176	\$ 127,958	\$ 24,218
Mutual Funds-various	<u>336,908</u>	<u>318,131</u>	<u>18,777</u>
	<u>\$ 489,084</u>	<u>\$ 446,089</u>	<u>\$ 42,995</u>

NOTE D – LIQUIDITY AND AVAILABILITY OF RESOURCES

PAALS has \$723,000 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of substantially cash of \$234,000 and marketable investments of \$489,000. Included in the financial assets are \$9,150 that are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. PAALS has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. PAALS has a goal to maintain financial assets to be on hand to meet 90 days of normal operating expense, which are on average approximately \$135,000.

NOTE E – NET ASSETS WITH DONOR RESTRICTIONS

During the year ended December 31, 2023, net assets of \$12,107 with donor restrictions were released. Originally, the net assets had a time constriction placed on them to be used specifically for the Valora and Rob’s Best Friend funds. This is reflected in the statement of activities as assets released from restrictions.

NOTES TO FINANCIAL STATEMENTS
PALMETTO ANIMAL ASSISTED LIFE SERVICE

December 31, 2023

NOTE F – CONTINGENCIES

The spread of COVID-19 (coronavirus disease) has had a disruptive impact on daily life and operations of individuals, businesses, and non-profits around the world. There continues to be uncertainty about financial and economic impacts in all sectors of the economy. The financial markets have experienced significant volatility amid rapid deflation, and this may continue for an extended period of time. In light of these circumstances, management continues to assess how best to continue to adapt to changed circumstances.

NOTE G – EVALUATION OF SUBSEQUENT EVENTS

The management of PAALS has evaluated subsequent events through September 16th, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

**SCHEDULE OF SPECIAL EVENTS
PALMETTO ANIMAL ASSISTED LIFE SERVICES**

For the Year Ended December 31, 2023

	<u>Misc Event</u>	<u>Bark Brew Spokedog</u>	<u>PAALS Pack</u>	<u>Midland Gives</u>	<u>Paddle For PAALS</u>
REVENUE					
Contributions	\$ 4,504	\$ 44,509	\$ 18,647	\$ 68,838	\$ 5,220
Donor Restricted	-	-	-	-	-
Event revenue	-	-	-	-	-
Program Revenue	251	-	-	-	-
	<u>4,755</u>	<u>44,509</u>	<u>18,647</u>	<u>68,838</u>	<u>5,220</u>
EXPENSES					
Costs of goods sold	-	-	-	-	-
Marketing	-	15	-	-	-
Special events food	-	-	-	-	-
Special events other	172	-	-	150	835
Postage and printing	92	1,790	-	1,741	-
Other expenses	-	4,344	-	1,647	-
	<u>264</u>	<u>6,149</u>	<u>-</u>	<u>3,538</u>	<u>835</u>
	<u>\$ 4,491</u>	<u>\$ 38,360</u>	<u>\$ 18,647</u>	<u>\$ 65,300</u>	<u>\$ 4,385</u>

Move Your Tails For PAALS	Graduation	Paaloween	Year-End Campaign	Total
\$ 679	\$ 3,000	\$ 24,467	\$ 18,309	\$ 188,173
-	-	-	-	-
675	-	39,982	-	40,657
-	-	-	-	251
<u>1,354</u>	<u>3,000</u>	<u>64,449</u>	<u>18,309</u>	<u>229,081</u>
335	500	1,261	-	2,096
-	-	-	-	15
-	-	8,350	-	8,350
512	4,387	10,410	-	16,466
-	922	714	6,183	11,442
79	-	1,584	-	7,654
<u>926</u>	<u>5,809</u>	<u>22,319</u>	<u>6,183</u>	<u>46,023</u>
<u>\$ 428</u>	<u>\$ (2,809)</u>	<u>\$ 42,130</u>	<u>\$ 12,126</u>	<u>\$ 183,058</u>

See Accountant's Report.