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**Financial Statements**

**For The Year Ended**

**December 31, 2023**

**Waggies By Maggie and Friends, Inc.**  
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**December 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

November 25, 2024

To the Board of Trustees of Waggies By Maggie & Friends, Inc.

### **Opinion**

We have audited the accompanying financial statements of Waggies By Maggie & Friends, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, 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 Waggies By Maggie & Friends, Inc. as of December 31, 2023, and the related statement of activities and changes in its net assets, functional expenses and 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 Waggies By Maggie & Friends, 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.

### **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 Waggies By Maggie & Friends, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures



include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Waggies By Maggie & Friends, 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 Waggies By Maggie & Friends, 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.

Sincerely,

A handwritten signature in black ink that reads "Greg Mangis". The signature is written in a cursive, flowing style.

MB Advisors

40 Atlantic Avenue PO Box 154

Ocean View, DE 19970

**Waggies by Maggie and Friends, Inc.**  
**Statement of Financial Position**  
**As of December 31, 2023**

**Assets**

**Current Assets**

Cash and cash equivalents	\$	295,845
Accounts receivable		18,431
Inventory		9,031
Prepaid expenses		3,732
<b>Total Current Assets</b>		<u>327,039</u>

**Property and Equipment**

Equipment and furniture		36,261
Less: accumulated depreciation		<u>(28,579)</u>

<b>Property and Equipment, Net</b>		<u>7,682</u>
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**Other Assets**

Deposits		29,360
Investments		252,599
<b>Total Other Assets</b>		<u>281,959</u>

<b>Total Assets</b>	<b>\$</b>	<b><u>616,680</u></b>
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**Liabilities and Net Assets**

**Current Liabilities**

Accounts payable	\$	12,588
Credit cards		3,497
<b>Total Current Liabilities</b>		<u>16,085</u>

<b>Total Liabilities</b>		<u>16,085</u>
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**Net Assets**

Without donor restrictions		569,955
With donor restrictions		30,640
<b>Total Net Assets</b>		<u>600,595</u>

<b>Total Liabilities and Net Assets</b>	<b>\$</b>	<b><u>616,680</u></b>
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The accompanying Notes to Financial Statements  
are an integral part of these statements.

**Waggies by Maggie and Friends, Inc.**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended December 31, 2023**

	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Revenue</b>			
Donations	\$ 21,108	\$ -	\$ 21,108
In-Kind Donations	160,750	-	160,750
Sales of Product	130,326	-	130,326
Grants	20,330	40,000	60,330
Other income	398	-	398
Interest	78	-	78
Net investment income	2,599	-	2,599
Net assets released from restrictions	29,360	(29,360)	-
<b>Total Support and Revenue</b>	<u>364,949</u>	<u>10,640</u>	<u>375,589</u>
<b>Expenses</b>			
Program services	244,892	-	244,892
Fundraising	168	-	168
General and administrative	41,810	-	41,810
<b>Total Expenses</b>	<u>286,870</u>	<u>-</u>	<u>286,870</u>
<b>Change in Net Assets</b>	78,079	10,640	88,719
<b>Net Assets at beginning of year</b>	<u>491,876</u>	<u>20,000</u>	<u>511,876</u>
<b>Net Assets at end of year</b>	<u><u>\$ 569,955</u></u>	<u><u>\$ 30,640</u></u>	<u><u>\$ 600,595</u></u>

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

**Waggies by Maggie and Friends, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2023**

	<b><u>Program</u></b>		<b><u>General and</u></b>	
	<b><u>Services</u></b>	<b><u>Fundraising</u></b>	<b><u>Administrative</u></b>	<b><u>Total</u></b>
Advertising	\$ -	\$ 168	\$ -	\$ 168
Bank charges	-	-	949	949
Computer expenses	40,260	-	-	40,260
Cost of goods sold	16,862	-	-	16,862
Depreciation	2,410	-	-	2,410
Insurance	4,642	-	-	4,642
Legal and professional	-	-	36,099	36,099
Licenses and permits	-	-	259	259
Miscellaneous	1,854	-	-	1,854
Payroll taxes and fees	6,825	-	415	7,240
Postage	2,676	-	-	2,676
Printing and publications	290	-	-	290
Rental expenses	96,000	-	-	96,000
Repairs and maintenance	3,251	-	-	3,251
Salaries and wages	67,159	-	4,088	71,247
Small tools	1,509	-	-	1,509
Supplies	884	-	-	884
Travel	270	-	-	270
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<b>Total Expenses</b>	<b>\$ 244,892</b>	<b>\$ 168</b>	<b>\$ 41,810</b>	<b>\$ 286,870</b>
	<hr/>			

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

**Waggies by Maggie and Friends, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2023**

<b>Cash Flow From Operating Activities</b>	
Change in net assets	\$ 88,719
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	2,410
Increase in accounts receivable	(8,742)
Increase in inventory	(9,031)
Increase in prepaid expenses	(3,182)
Increase in accounts payable	8,088
Increase in credit cards	1,863
<b>Net Cash Provided by Operating Activities</b>	<b><u>80,125</u></b>
 <b>Cash Flow From Investing Activities</b>	
Purchase of fixed assets	(29,360)
Purchase of investments	(252,599)
<b>Net Cash Used for Investing Activities</b>	<b><u>(281,959)</u></b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(201,834)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b><u>497,679</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b><u><u>\$ 295,845</u></u></b>

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



**Waggies by Maggie and Friends, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023**

Note 1: Nature of Activities:

Waggies by Maggie and Friends, Inc. (Organization) is a not-for-profit organization founded in 2007 and located in Wilmington, Delaware. The organization's mission is employing persons with intellectual disabilities in the production of dog treats. The treats are then sold directly to consumers online and through a variety of retailers.

Note 2: Summary of Significant Accounting Policies:

*Basis of Accounting*

The financial statements of the Organization have been prepared on the accrual basis of accounting.

*Basis of Presentation*

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on the net assets (when the donors' conditions are satisfied or the time requirement has elapsed) are reported as reclassifications between the two classes of net assets.

*Net Assets With/Without Donor Restrictions*

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and nature of any donor restrictions. All contributions are considered to be without donor restrictions unless specifically restricted by the donor or subject to legal restrictions. The Organization records contributions in the with donor restriction class of net assets if they are received with donor stipulations that limit their use through either purpose or time restrictions or both. When donor restrictions expire – that is, when the purpose restriction is fulfilled or the time restriction expires – net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions. Contributions restricted to the purchase of property or equipment are considered to be met when the asset is placed in service. Contributions are recorded when cash or unconditional promises-to-give have been received or ownership of donated assets to be used directly in the operations is transferred to the Organization.

Note 2: Summary of Significant Accounting Policies (continued):

**Waggies by Maggie and Friends, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023**

*Methods Used for Allocation of Expenses from Management and General Activities*

The costs of providing various program and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Those expenses include salaries and related costs. Salaries for people hired for the production of dog treats are classified as program expenses, while all other salaries are general and administrative.

*Cash and Cash Equivalents*

Cash and cash equivalents includes cash on hand, cash in banks and all highly liquid investments with an initial maturity of three months or less at the time of purchase. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. Balances in these accounts occasionally exceed the FDIC insurance limit (\$250,000).

*Investments*

Investments in marketable securities with readily determinable fair values are reported at their fair values in the Statement of Financial Position. Unrealized and realized gains and losses are included in the change in net assets in the Statement of Activities and Changes in Net Assets. Investment income consists of interest and dividends received. Investments are restricted by management. (See note 3)

*Property and Equipment*

Property and equipment are recorded at cost or at the approximate fair value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs and maintenance that materially prolong the useful lives of assets are capitalized.

*Use of Estimates*

The preparation of financial statements 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Waggies by Maggie and Friends, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023**

*Income Taxes*

The Organization is exempt from Federal income taxes under Section 501(C)(3) of the Internal Revenue Code. The Organization's Return of Organization Exempt from Income Tax (Form 990) for December 31, 2021, 2022 and 2023 are subject to examination by the IRS, generally for three years after they are filed.

The Organization is required to recognize, measure, classify, and disclose in the financial statements un-certain tax positions taken or expected to be taken in the Organization's tax returns. Management has determined the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are not to be challenged by the taxing authority and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge. Penalties and interest assessed by income taxing authorities would be included in operating expenses.

*Advertising Costs*

Advertising costs are expensed as incurred.

Note 2: Summary of Significant Accounting Policies (continued):

*Revenues*

The Organization adopted, for the year ended December 31, 2023, Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Organization adopted this guidance utilizing the modified retrospective method. The adoption of this Standard did not have a material impact on the Organization's financial statements and no beginning cumulative adjustment was necessary.

*In-Kind Contributions*

Donated property, marketable securities and other noncash donations are recorded as contributions at their estimated fair value at the date of donation. (See note 4).

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise need to be purchased by the Organization.

The Organization receives various donated specialized consulting and other services. In addition, many individuals have donated significant amounts of their time in organizational governance, program services and resource development efforts.

**Waggies by Maggie and Friends, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023**

Note 3: Investments:

Investments are carried at market value. Realized and unrealized gains and losses are reflected in the Statement of Activities and Changes in Net Assets. Investments as of December 31, 2023 totaled \$252,599 of equity securities. For the year ended December 31, 2023, investment income on these investments was \$2,599.

Note 4: Fair Value Measurements – In-Kind donations:

The Organization has determined the fair market values assigned to In-Kind Contributions are based on current market values of each donation, set forth by Management. For the year ended December 31, 2023, the following services have been recognized as they have met the criteria stated above; these amounts have been recorded as donations, and the expenses are in the following categories:

<u>Service</u>	<u>Amount Recognized</u>
Web Hosting and IT Support (computer expenses)	\$ 39,600
Professional Services	25,150
Rental of Kitchen and Prep Space (rental expenses)	<u>96,000</u>
Total Amount Recognized	<u>\$160,750</u>

Note 4: Liquidity:

Financial assets available for general expenditure within one year are as follows as of December 31, 2023:

Cash, including donor-restrictions for program operations	\$295,845
Accounts receivable	18,431
Less: Net Assets with Donor Restrictions	<u>(30,640)</u>
Total	<u>\$283,636</u>

Note 5: Fair Values Measured on a Recurring Basis:

Fair values of assets measured on a recurring basis at December 31, 2023 are as follows:

	<u>Fair Value Measurements at Reporting Date Using:</u>			
	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity Securities – U.S.	\$ 252,599	\$ 252,599	\$ -	\$ -

**Waggies by Maggie and Friends, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023**

The *Fair Value Measurements* topic of the FASB Accounting Standards Codification established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable inputs, rely on the judgment of management, and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Museum measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 inputs were not available.

*Level 1 Fair Value Measurements*

Common Stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Note 6: Net Assets with Donor Restrictions:

Net Assets with Donor Restrictions consist of the following projects:

	<u>Balance</u> <u>12/31/22</u>	<u>2023</u> <u>Income/</u> <u>Contributions</u>	<u>2023 Release</u> <u>from</u> <u>Restrictions</u>	<u>Balance</u> <u>12/31/23</u>
<u>Capital Improvements</u>	<u>\$20,000</u>	<u>\$40,000</u>	<u>\$ 29,360</u>	<u>\$30,640</u>

Note 7: Concentrations:

The Organization receives the majority of their support from the public. During 2023, donations (including in-kind donations, see note 2) accounted for 48% of revenues and sales of product income accounted for 35%. Significant reduction in public support would have an adverse effect on the Organization's programs and activities.

Note 8: Subsequent Events:

The Organization has evaluated subsequent events through November 25, 2024, the date on which the financial statements were available for issuance.