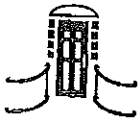


FURKIDS, INC.  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

BULL & BULL, CPA'S PC  
GAINESVILLE, GEORGIA

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**Bull & Bull, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

Members Georgia Society of Certified Public Accountants  
Members American Institute of Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Board of Directors of  
Furkids, Inc.  
Atlanta, GA

We have audited the accompanying financial statements of the Furkids, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, cash flows and schedule of functional expenses for the year then ended, and the related notes to the financial statements

### **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; this includes 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 Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

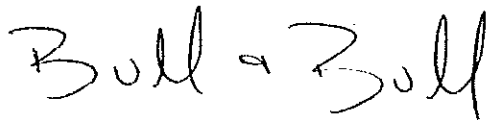
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as

evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Furkids, Inc. as of December 31, 2014, 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.

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

Gainesville, Georgia  
February 9, 2016

## Financial Statements

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**FURKIDS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2014**

**ASSETS**

Current Assets

Cash and Cash Equivalents	\$ 440,858
Employee Receivable	2,875
Total Current Assets	<u>443,733</u>

Fixed Assets

Property and Equipment	818,233
Less: Accumulated Depreciation	(164,860)
Total Property and Equipment	<u>653,373</u>

Other Assets

Deposits	3,850
Total Other Assets	<u>3,850</u>

Total Assets	<u>\$ 1,100,956</u>
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**LIABILITIES AND NET ASSETS**

Current Liabilities

Accounts Payable	\$ 1,202
Payroll Taxes Payable	13,212
Sales Tax Payable	1,914
SDR Building Loan - Current	7,845
Total Current Liabilities	<u>24,173</u>

Long Term Liabilities

SDR Building Loan	222,265
Total Long Term Liabilities	<u>222,265</u>

Net Assets

Unrestricted	844,518
Temporarily Restricted	10,000
Total Net Assets	<u>854,518</u>
Total Liabilities and Net Assets	<u>\$ 1,100,956</u>

The accompanying notes are an integral part of these financial statements.

**FURKIDS, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND OTHER SUPPORT</b>			
Revenues			
Contributions	\$ 799,594	\$ 165,000	\$ 964,594
Special Events	165,522	-	165,522
Interest Income	1,068	-	1,068
Services	236,310	-	236,310
Thrift Store	364,900	-	364,900
Net assets released from restrictions			
Satisfaction of program restrictions	206,209	(206,209)	-
Total revenues and other support	<u>\$ 1,773,603</u>	<u>\$ (41,209)</u>	<u>\$ 1,732,394</u>
<b>EXPENSES</b>			
Program Services	\$ 1,477,652	\$ -	\$ 1,477,652
Supporting Services			
Development and fundraising	78,124	-	78,124
Management and general	38,665	-	38,665
Total supporting services	<u>116,789</u>	<u>-</u>	<u>116,789</u>
Total Expenses	<u>1,594,441</u>	<u>-</u>	<u>1,594,441</u>
Change in Net Assets	<u>\$ 179,162</u>	<u>\$ (41,209)</u>	<u>\$ 137,953</u>
Net assets beginning of year	<u>665,356</u>	<u>51,209</u>	<u>716,565</u>
Net assets end of year	<u>\$ 844,518</u>	<u>\$ 10,000</u>	<u>\$ 854,518</u>

The accompanying notes are an integral part of these financial statements.

**FURKIDS, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$	137,953
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		26,909
(Increase) in operating assets:		
Employee Receivable		(1,736)
Note Receivable		-
Increase (decrease) in operating liabilities:		
Accounts Payable		(183)
Payroll Taxes Payable		8,018
Sales Tax Payable		552
Net cash provided by operating activities		171,513

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of fixed assets		(211,293)
Net cash (used by) investing activities		(211,293)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Payments of loan		(263)
Net cash (used) by financing activities		(263)

Net (decrease) in cash and cash equivalents		(40,043)
Cash and cash equivalents beginning of year		480,901
Cash and cash equivalents end of year	\$	440,858

The accompanying notes are an integral part of these financial statements.

**FURKIDS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Supporting Services</u>			<b>Total</b>
	<b>Program Services</b>	<b>Development and Fundraising</b>	<b>Management and General</b>	
Accounting Fees	\$ -	\$ 3,871	\$ 3,872	\$ 7,743
Cat Supplies	66,499	-	-	66,499
Depreciation	25,060	-	1,849	26,909
Facilities	127,859	-	-	127,859
Insurance	17,580	-	1,540	19,120
Interest	16,787	-	-	16,787
Postage and Printing	4,311	25,742	677	30,730
Salaries and benefits	358,350	3,000	21,000	382,350
Taxes	38,572	230	1,607	40,409
Veterinary expenses	511,409	-	-	511,409
Advertising	-	10,140	-	10,140
Programs and office supplies	8,726	623	3,283	12,632
Information Technology	3,619	2,413	-	6,032
Shelter Supplies	47,067	-	-	47,067
Other Expenses	251,813	32,105	4,837	288,755
Total Expenses	<u>\$ 1,477,652</u>	<u>\$ 78,124</u>	<u>\$ 38,665</u>	<u>\$ 1,594,441</u>

The accompanying notes are an integral part of these financial statements.



Notes to Financial Statements

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**FURKIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A-NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

Organization

Furkids is a 501(c)(3), charitable, non-profit animal shelter in Atlanta, Georgia. The mission of Furkids is to:

- provide a cage-free, no-kill shelter for our rescued animals where they can experience the best care in a loving environment until they are adopted;
- find permanent, loving, homes for our rescued animals;
- and inform the public about pet overpopulation, promote sterilization and provide information for low-cost, high-quality spay/neuter organizations.

Basis of Presentation

The financial records of the organization are maintained on the accrual basis of accounting. The financial statements have been prepared under generally accepted accounting principles. Financial statement presentation follows the recommendations of the Financial Accounting Standards board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Fixed Assets

Fixed assets are reported at cost, or if donated, the organization uses the estimated fair market value. Furkids, Inc. capitalizes assets with a value of \$500 or more and a useful life of more than one year. Depreciation expense is computed over the estimated useful lives of the fixed assets using the straight-line method. Upon sale or retirement of depreciable assets, the related cost and accumulated depreciation or amortization are removed from the accounts. Any gain or loss on the sale or retirement is recognized in current operations.

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 vary from those estimates.

**FURKIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and savings accounts. The carrying value of cash and cash equivalents approximate fair value because of the short maturities of these financial instruments.

Expense Allocation

The Organization allocates common costs, such as salaries, postage, supplies, telephone and other expenses between program services and supporting services depending on the estimated activities of the organization. The resulting allocations are reviewed periodically, and the allocations revised, if necessary, to reflect changes in the activities.

Income Tax Status

The Organization is exempt from federal income taxes under Internal Revenue code section 501 c(3).

Donated Services

The Organization receives donated service from a variety of unpaid volunteers assisting the Organization in carrying out its activities. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied.

Contributions

The Organization accounts for contributions and grants in accordance with the recommendations of the Financial Accounting Standards Board in SFAS No. 116, Accounting for Contributions Received and Contributions Made. In accordance with SFAS No. 116, contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/ or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**FURKIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE B – LOANS TO KEY EMPLOYEES**

As of December 31, 2014, the organization's current assets included an employee loan receivable from a key employee. The loan balance of \$2,875 is considered to be received within one year and is non-interest bearing.

**NOTE C – TEMPORARILY RESTRICTED ASSETS**

Temporarily restricted net assets consist of amounts to be used for the following purpose:

Donor restricted -- Purchase of Equipment	\$ 10,000
Donor restricted -- Renovation of Shelter	<u>\$ 0</u>
Total	<u>\$ 10,000</u>

**NOTE D - NOTES PAYABLE – REAL ESTATE**

In December of 2013, the Organization merged with another non-profit and assumed an existing loan. In January of 2014 the loan was refinanced with Fidelity Bank at an interest rate of 4.75% maturing January 2, 2019. The loan is secured by certain real property located at 1520 Union Hill Road, Alpharetta, Georgia 30005.

Future maturities of the long-term debt obligation for fiscal years ending December 31 are as follows:

December 31, 2015	\$ 7,845
December 31, 2016	8,226
December 31, 2017	7,985
December 31, 2018-Later	<u>206,054</u>
Total long-term obligations	<u>\$ 230,110</u>

**NOTE E – MERGER AND ACQUISITIONS**

In December of 2013, the Organization merged with Small Dog Rescue and Humane Society, Inc. Small Dog Rescue and Humane Society, Inc. (SDR) was a 501(c)(3) Georgia nonprofit charitable organization dedicated to finding loving families for homeless dogs in Georgia. They rescue "at risk" dogs from local shelters and animal control facilities. "At risk" dogs are those who have run out of time at shelters, have medical conditions, or need more socialization before being placed in a home. Furkids, Inc. is the surviving entity of the merger.

**NOTE F - EVALUATION OF SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through February 9, 2016, the date which the financial statements were available to be issued.