

FURKIDS, INC.  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

BULL & BULL, CPA'S PC  
GAINESVILLE, GEORGIA



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

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

## INDEPENDENT AUDITORS' REPORT

Board of Directors of  
Furkids, Inc.  
Atlanta, GA

We have audited the accompanying statement of financial position of Furkids, Inc. (a nonprofit organization) as of December 31, 2013, and the related statement of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2013, and the changes in its net assets and its cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

*Bull & Bull*

Gainesville, Georgia  
March 25, 2015

## Financial Statements

**FURKIDS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2013**

**ASSETS**

Current Assets	
Cash and Cash Equivalents	\$ 480,901
Employee Receivable	1,139
Total Current Assets	<u>482,040</u>
Fixed Assets	
Property and Equipment	606,940
Less: Accumulated Depreciation	<u>(137,951)</u>
Total Property and Equipment	<u>468,989</u>
Other Assets	
Deposits	<u>3,850</u>
Total Other Assets	<u>3,850</u>
Total Assets	<u><u>\$ 954,879</u></u>

**LIABILITIES AND NET ASSETS**

Current Liabilities	
Accounts Payable	\$ 1,385
Payroll Taxes Payable	5,194
Sales Tax Payable	1,362
SDR Building Loan - Current	<u>6,872</u>
Total Current Liabilities	<u>14,813</u>
Long Term Liabilities	
SDR Building Loan	<u>223,501</u>
Total Long Term Liabilities	<u>223,501</u>
Net Assets	
Unrestricted	665,356
Temporarily Restricted	<u>51,209</u>
Total Net Assets	<u>716,565</u>
Total Liabilities and Net Assets	<u><u>\$ 954,879</u></u>

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

**FURKIDS, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND OTHER SUPPORT</b>			
Revenues			
Contributions	\$ 706,015	\$ 54,843	\$ 760,858
Special Events	61,041	-	61,041
Interest Income	1,188	-	1,188
Services	91,225	-	91,225
Thrift Store	91,981	-	91,981
Net assets released from restrictions			
Satisfaction of program restrictions	13,634	(13,634)	-
Total revenues and other support	<u>\$ 965,084</u>	<u>\$ 41,209</u>	<u>\$ 1,006,293</u>
<b>EXPENSES</b>			
Program Services	\$ 752,238	\$ -	\$ 752,238
Supporting Services			
Development and fundraising	45,039	-	45,039
Management and general	42,177	-	42,177
Total supporting services	<u>87,216</u>	<u>-</u>	<u>87,216</u>
Total Expenses	<u>839,454</u>	<u>-</u>	<u>839,454</u>
Change in Net Assets	<u>\$ 125,630</u>	<u>\$ 41,209</u>	<u>\$ 166,839</u>
Net assets beginning of year	<u>539,726</u>	<u>10,000</u>	<u>549,726</u>
Net assets end of year	<u>\$ 665,356</u>	<u>\$ 51,209</u>	<u>\$ 716,565</u>

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

**FURKIDS, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 166,839
Adjustment to reconcile change in net assets to net cash provided by (used by) operating activities:	
Depreciation	15,647
(Increase) decrease in operating assets:	
Employee Receivable	1,992
Note Receivable	5,321
Increase (decrease) in operating liabilities:	
Accounts Payable	287
Payroll Taxes Payable	180
Sales Tax Payable	241
Net cash provided by operating activities	<u>190,507</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of fixed assets	<u>(367,240)</u>
Net cash (used by) investing activities	<u>(367,240)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from Loans	<u>230,373</u>
Net cash provided by financing activities	<u>230,373</u>
 Net increase in cash and cash equivalents	 53,640
Cash and cash equivalents beginning of year	<u>427,261</u>
Cash and cash equivalents end of year	<u>\$ 480,901</u>

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

**FURKIDS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Supporting Services</u>			<b>Total</b>
	<b>Program Services</b>	<b>Development and Fundraising</b>	<b>Management and General</b>	
Accounting Fees	\$ -	\$ -	\$ 4,934	\$ 4,934
Cat Supplies	38,769	-	-	38,769
Contract Labor	-	-	-	-
Depreciation	13,670	-	1,977	15,647
Facilities	64,095	-	1,992	66,087
Insurance	8,086	-	4,990	13,076
Postage and Printing	4,852	18,633	1,301	24,786
Salaries and benefits	183,952	2,550	17,850	204,352
Taxes	13,889	195	1,365	15,449
Travel	-	-	-	-
Conferences	743	-	-	743
Payments to affiliates	47,849	-	-	47,849
Veterinary expenses	289,654	-	-	289,654
Advertising	-	3,919	-	3,919
Programs and office supplies	5,593	388	1,943	7,924
Information Technology	4,365	3,261	-	7,626
Shelter Supplies	31,349	-	-	31,349
Other Expenses	45,372	16,093	5,825	67,290
Total Expenses	<u>\$ 752,238</u>	<u>\$ 45,039</u>	<u>\$ 42,177</u>	<u>\$ 839,454</u>

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

Notes to Financial Statements



**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, 2013, the organization’s current assets included an employee loan receivable from a key employee. The loan balance of \$1,139 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>\$ 41,209</u>
Total	\$ 51,209

**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, 2014	\$ 6,872
December 31, 2015	7,845
December 31, 2016	8,226
December 31, 2017-Later	<u>207,430</u>
Total long-term obligations	<u>\$ 230,373</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 March 25, 2015, the date which the financial statements were available to be issued.