

FURKIDS, INC.
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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 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, 2015, 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, 2015, 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.

Bill - Bill

Gainesville, Georgia
January 23, 2017

Financial Statements

FURKIDS, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2015

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 230,119
Employee Receivable	5,155
Total Current Assets	<u>235,274</u>

Fixed Assets

Property and Equipment	889,490
Less: Accumulated Depreciation	<u>(191,559)</u>
Total Property and Equipment	<u>697,931</u>

Other Assets

Deposits	<u>11,114</u>
Total Other Assets	<u>11,114</u>

Total Assets	<u><u>\$ 944,319</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 3,462
Payroll Taxes Payable	7,534
Sales Tax Payable	3,015
SDR Building Loan - Current	<u>8,226</u>
Total Current Liabilities	<u>22,237</u>

Long Term Liabilities

SDR Building Loan	<u>214,199</u>
Total Long Term Liabilities	<u>214,199</u>

Net Assets

Unrestricted	707,883
Temporarily Restricted	<u>-</u>
Total Net Assets	<u>707,883</u>
Total Liabilities and Net Assets	<u><u>\$ 944,319</u></u>

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

FURKIDS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	Total
REVENUE AND OTHER SUPPORT			
Revenues			
Contributions	\$ 1,020,858	\$ -	\$ 1,020,858
Special Events	104,713	-	104,713
Interest Income	650	-	650
Services	274,620	-	274,620
Thrift Store (net)	211,682	-	211,682
Net assets released from restrictions			
Satisfaction of program restrictions	10,000	(10,000)	-
Total revenues and other support	<u>\$ 1,622,523</u>	<u>\$ (10,000)</u>	<u>\$ 1,612,523</u>
EXPENSES			
Program Services	1,598,282	-	1,598,282
Supporting Services			
Development and fundraising	102,476	-	102,476
Management and general	58,400	-	58,400
Total supporting services	<u>160,876</u>	<u>-</u>	<u>160,876</u>
Total Expenses	<u>1,759,158</u>	<u>-</u>	<u>1,759,158</u>
Change in Net Assets	<u>(136,635)</u>	<u>(10,000)</u>	<u>(146,635)</u>
Net assets beginning of year	<u>844,518</u>	<u>10,000</u>	<u>854,518</u>
Net assets end of year	<u>\$ 707,883</u>	<u>\$ -</u>	<u>\$ 707,883</u>

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

FURKIDS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (146,635)
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	26,699
(Increase) decrease in operating assets:	
Employee Receivable	(2,280)
Deposits	(7,264)
Increase (decrease) in operating liabilities:	
Accounts Payable	2,259
Payroll Taxes Payable	(5,677)
Sales Tax Payable	1,101
Net cash (used) by operating activities	<u>\$ (131,797)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of fixed assets	<u>(71,257)</u>
Net cash (used) by investing activities	<u>(71,257)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	
Payments of loan	<u>(7,685)</u>
Net cash (used) by financing activities	<u>(7,685)</u>
 Net (decrease) in cash and cash equivalents	 (210,739)
Cash and cash equivalents beginning of year	440,858
Cash and cash equivalents end of year	<u>\$ 230,119</u>

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

FURKIDS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Supporting Services			
	Program Services	Development and Fundraising	Management and General	Total
Accounting Fees	\$ -	\$ 5,185	\$ 5,186	\$ 10,371
Bankcard & Paypal Fees	2,456	22,103	-	24,559
Conferences, Conventions, & Meetings	2,283	-	-	2,283
Contract Labor	25,782	-	-	25,782
Depreciation	20,954	-	5,745	26,699
Facilities	125,191	-	-	125,191
Insurance	14,602	255	763	15,620
Interest	10,915	-	-	10,915
Postage and Printing	-	15,868	11,647	27,515
Salaries and benefits	451,486	4,875	22,750	479,111
Taxes	47,363	390	1,820	49,573
Veterinary expenses	707,978	-	-	707,978
Advertising	-	12,362	-	12,362
Programs and office supplies	2,931	430	6,001	9,362
Information Technology	11,030	3,676	-	14,706
Shelter Supplies & Food	121,406	-	-	121,406
Other Expenses	53,905	37,332	4,488	95,725
Total Expenses	\$ 1,598,282	\$ 102,476	\$ 58,400	\$ 1,759,158

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

Notes to Financial Statements

FURKIDS, INC.
NOTES TO FINANCIAL STATEMENTS

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.

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.

FURKIDS, INC.
NOTES TO FINANCIAL STATEMENTS

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.

NOTE B – LOANS TO KEY EMPLOYEES

As of December 31, 2015, the organization's current assets included an employee loan receivable from a key employee. The loan balance of \$5,155 is considered to be received within one year and is non-interest bearing.

FURKIDS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE C - 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, 2016	\$	8,226
December 31, 2017		7,985
December 31, 2018-Later		<u>206,214</u>
Total long-term obligations	\$	<u>222,425</u>

NOTE D - EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 23, 2017, the date which the financial statements were available to be issued.