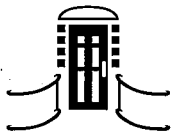


FURKIDS, INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

BULL & BULL, CPA'S PC
GAINESVILLE, GEORGIA



INDEPENDENT AUDITOR'S REPORT

Board of Directors of
Furkids, Inc.
Cumming, 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, 2020, and the related statements of activities, cash flows and 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, 2020, 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.

Bull & Bull

Gainesville, Georgia
January 14, 2022

Financial Statements

FURKIDS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 1,329,655
Total Current Assets	<u>1,329,655</u>

Fixed Assets

Property and Equipment	3,211,333
Less: Accumulated Depreciation	<u>(477,915)</u>
Total Property and Equipment	<u>2,733,418</u>

Other Assets

Investment	129,141
Deposits	4,500
Prepaid Expenses	<u>5,750</u>
Total Other Assets	<u>139,391</u>

Total Assets	<u><u>\$ 4,202,464</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 979
Payroll Taxes Payable	8,605
Sales Tax Payable	10,068
Ford Van Transit Loan	5,071
Suburban Loan	6,293
Tractor Loan	5,795
2020 Ford Transit Loan	3,787
Loan Cat Shelter	545,802
SDR Building Loan	10,313
Unrealized Gain on Investment	<u>1,210</u>
Total Current Liabilities	<u>597,923</u>

Long Term Liabilities

Ford Van Transit Loan	5,850
Suburban Loan	2,820
Tractor Loan	33,115
2020 Ford Transit Loan	16,428
SDR Building Loan	<u>166,455</u>
Total Long Term Liabilities	<u>224,668</u>

Net Assets

Without Donor Restrictions	3,362,373
With Donor Restrictions	<u>17,500</u>
Total Net Assets	<u>3,379,873</u>
Total Liabilities and Net Assets	<u><u>\$ 4,202,464</u></u>

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

FURKIDS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restricitons	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Revenues			
Contributions	\$ 1,774,141	\$ 398,275	\$ 2,172,416
Special Events (net)	137,070	-	137,070
Investment Income	342	-	342
Services	458,837	-	458,837
Thrift Store (net)	399,388	-	399,388
Gain on Sale of Asset	2,500	-	2,500
Gain on Sale of Securities	14,896	-	14,896
PPP Loan	428,000	-	428,000
Net assets released from restrictions			
Satisfaction of program restrictions	398,275	(398,275)	-
Total Revenues and Other Support	3,613,449	-	3,613,449
EXPENSES			
Program Services	2,137,340	-	2,137,340
Supporting Services			
Development and fundraising	122,874	-	122,874
Management and general	109,297	-	109,297
Total Supporting Services	232,171	-	232,171
Total Expenses	2,369,511	-	2,369,511
Change in Net Assets	1,243,938	-	1,243,938
Net assets beginning of year	2,118,435	17,500	2,135,935
Net assets end of year	\$ 3,362,373	\$ 17,500	\$ 3,379,873

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

FURKIDS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 1,243,938
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	101,410
Decrease(Increase) in operating assets:	
Deposits	(2,724)
Prepaid Expenses	(4,750)
Unrealized Gain	(12,430)
(Decrease)Increase in operating liabilities:	
Payroll Taxes Payable	(9,356)
Accounts Payable	(6,303)
Sales Tax Payable	4,006
Net cash provided by operating activities	1,313,791

CASH FLOWS FROM INVESTING ACTIVITIES

Investment in Raymond James	(12,843)
Purchases of fixed assets	(235,980)
Net cash (used) by investing activities	(248,823)

CASH FLOWS FROM FINANCING ACTIVITIES

Payments of loan	(30,453)
Purchase of loan	21,419
Net cash (used) by financing activities	(9,034)

Net increase in cash and cash equivalents	1,055,934
Cash and cash equivalents beginning of year	273,721
Cash and cash equivalents end of year	\$ 1,329,655

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

FURKIDS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

Supporting Services

	Program Services	Development and Fundraising	Management and General	Total
Accounting Fees	\$ -	\$ -	\$ 9,045	\$ 9,045
Legal Fees	7,525	-	7,528	15,053
Bankcard & Paypal Fees	4,241	38,165	-	42,406
Conferences, Conventions, & Meetings	-	-	-	-
Depreciation	95,632	-	5,778	101,410
Facilities	203,658	-	-	203,658
Insurance	82,952	250	750	83,952
Interest	38,648	-	-	38,648
Postage and Printing	2,641	18,054	23,733	44,428
Salaries and benefits	801,241	8,582	40,047	849,870
Taxes	62,485	660	3,065	66,210
Travel	15,782	-	-	15,782
Veterinary expenses	615,960	-	-	615,960
Advertising	5,222	15,664	-	20,886
Programs and office supplies	2,500	1,666	12,533	16,699
Information Technology	1,331	3,994	-	5,325
Shelter Supplies & Food	110,144	-	-	110,144
Other Expenses	87,378	35,839	6,818	130,035
Total Expenses	\$ 2,137,340	\$ 122,874	\$ 109,297	\$ 2,369,511

The accompanying notes are an integral part of these 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.

With Donor Restrictions & Without Donor Restrictions

Contributions received are recorded as increases in Without Donor Restrictions or With Donor Restrictions net assets, depending on the existence and/or nature of any donor restrictions. Contributions that are With Donor Restrictions by the donor are reported as increases in Without Donor Restrictions net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in With Donor Restrictions net assets, depending on the nature of the restrictions. When a restriction expires, restricted net assets are reclassified to Without Donor Restrictions net assets and reported in the Statement of Activities as net assets released from restrictions.

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

NOTE B - NOTES PAYABLE – REAL ESTATE

In December of 2013, the Organization merged with another non-profit and assumed an existing loan. In November of 2020 the loan was refinanced with Fidelity Bank at an interest rate of 4.75% maturing January, 2024. 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, 2021	\$ 10,313
December 31, 2022	10,821
December 31, 2023	11,354
December 31, 2024	<u>144,280</u>
Total	\$ 176,768

NOTE C - NOTES PAYABLE – REAL ESTATE

On July 31, 2018, the Organization executed a loan agreement with Ameris Bank to purchase an existing building. The agreement was payment of accrued interest on a monthly basis at a rate of prime plus 1% with the principle amount being due on the day the note matures.

December 31, 2020	Loan 712726501	<u>\$ 545,802</u>
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NOTE D – NOTES PAYABLE-FORD VAN

In December of 2017, the Organization purchased a 2017 Ford Transit Van financing \$24,074 at an interest rate of 5.96%. As of December 31, 2020 \$10,921 was still owed.

NOTE E – NOTES PAYABLE-CHEVROLET SUBURBAN

In May of 2018, the Organization purchased a 2017 Chevrolet Suburban financing \$25,000 at an interest rate of 3.00%. As of December 31, 2020 \$9,113 was still owed.

FURKIDS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE F – NOTES PAYABLE-BRANSON TRACTOR

In November of 2019, the Organization purchased a 2019 Branson Tractor financing \$45,271 at an interest rate of 5.65%. As of December 31, 2020 \$38,910 was still owed.

NOTE G – NOTES PAYABLE-FORD VAN

In August of 2020, the Organization purchased a 2020 Ford Transit Van financing \$21,419 at an interest rate of 6.95%. As of December 31, 2020 \$20,215 was still owed.

NOTE H – COMPENSATED ABSENCES

Employees of Furkids, Inc. are entitled to paid vacation, sick, and personal leave, depending on length of service and other factors. Employees and management have contracts or agreements that provide for compensated absences. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The current policy is to recognize the costs of compensated absences when actually paid to employees.

NOTE I – PPP LOAN

As a response to the coronavirus disease (COVID-19) outbreak, the U.S. Government has responded with relief legislation. Certain legislation called the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), as amended and expanded under later legislation, among other things, authorized emergency loans to Nonprofit Organizations by establishing, and providing funding for, forgivable bridge loans under the Paycheck Protection Program (PPP). In May 2020, the Organization received \$428,000 under the PPP. As of December 31, 2020 the entire amount of the loan has been forgiven. The SBA will have the right to audit the Company's compliance with the PPP for a period up to six years.

**NOTE J – CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH
DEPOSITS IN EXCESS OF INSURED LIMITS**

The Organization maintains cash balances at Ameris Bank. The accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2020, the company had \$518,334 uninsured.

NOTE K – INVESTMENTS

Furkids, Inc. held investments through Raymond James. Investments are stated at fair value. Fair values and unrealized appreciation (depreciation) at December 31, 2020 are summarized as follows:

	<u>Cost Plus Reinvested Inc.</u>	<u>Unrealized Fair Value</u>	<u>Unrealized Gain(Loss)</u>
2020	\$127,931	\$129,141	\$1,210

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest & Dividends	\$ 342	\$ -	\$ 342
Net Realized & Unrealized Gain	1,210	-	1,210
Total Investment Return	<u>\$ 1,552</u>	<u>\$ -</u>	<u>\$ 1,552</u>

NOTE L – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 14, 2022, the date which the financial statements were available to be issued.