

**GOOD MEWS ANIMAL FOUNDATION, INC.**

**FINANCIAL REPORT**

**DECEMBER 31, 2019**

GOOD MEWS ANIMAL FOUNDATION, INC.

FINANCIAL REPORT  
DECEMBER 31, 2019

TABLE OF CONTENTS

Page

INDEPENDENT AUDITOR'S REPORT .....	1
FINANCIAL STATEMENTS	
Statements of financial position .....	2
Statements of activities.....	3
Statements of functional expenses.....	4 and 5
Statements of cash flows .....	6
Notes to financial statements.....	7-13

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Good Mews Animal Foundation, Inc.  
Marietta, Georgia

We have audited the accompanying financial statements of **Good Mews Animal Foundation, Inc.** (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits 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 Good Mews Animal Foundation, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
December 7, 2020

**GOOD MEWS ANIMAL FOUNDATION, INC.**

**STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2019 AND 2018**

ASSETS	<u>2019</u>	<u>2018</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,172,210	\$ 1,108,795
Investments	85,088	38,235
Total current assets	<u>1,257,298</u>	<u>1,147,030</u>
<b>PROPERTY &amp; EQUIPMENT, NET</b>	<u>1,632,897</u>	<u>1,709,951</u>
Total assets	<u>\$ 2,890,195</u>	<u>\$ 2,856,981</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accrued liabilities	\$ 10,802	\$ 7,887
Prepaid adoption fees	4,978	3,653
Note payable, current portion net of loan costs	<u>468,472</u>	<u>26,978</u>
Total current liabilities	<u>484,252</u>	<u>38,518</u>
<b>NONCURRENT LIABILITIES</b>		
Note payable, net of current portion and loan costs	<u>-</u>	<u>465,686</u>
Total liabilities	<u>484,252</u>	<u>504,204</u>
<b>NET ASSETS</b>		
Without donor restrictions	1,815,294	1,806,922
With donor restrictions	<u>590,649</u>	<u>545,855</u>
Total net assets	<u>2,405,943</u>	<u>2,352,777</u>
Total liabilities and net assets	<u>\$ 2,890,195</u>	<u>\$ 2,856,981</u>

See Notes to Financial Statements.

**GOOD MEWS ANIMAL FOUNDATION, INC.**

**STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Contributions and grants	\$ 457,827	\$ 88,804	\$ 546,631	\$ 479,363	\$ 240,394	\$ 719,757
Special events	82,805	-	82,805	92,993	-	92,993
Adoptions	32,797	-	32,797	21,583	-	21,583
Merchandise	19,913	-	19,913	20,274	-	20,274
In-kind contributions	15,170	-	15,170	72,600	-	72,600
Other income	28,665	-	28,665	12,490	-	12,490
Net assets released from restrictions	44,010	(44,010)	-	35,140	(35,140)	-
Total support and revenue	<u>681,187</u>	<u>44,794</u>	<u>725,981</u>	<u>734,443</u>	<u>205,254</u>	<u>939,697</u>
<b>EXPENSES</b>						
Program services	547,927	-	547,927	560,072	-	560,072
Supporting services						
Fundraising	72,662	-	72,662	81,840	-	81,840
Management & general	80,283	-	80,283	69,974	-	69,974
Total expenses	<u>700,872</u>	<u>-</u>	<u>700,872</u>	<u>711,886</u>	<u>-</u>	<u>711,886</u>
<b>OTHER INCOME (EXPENSE)</b>						
Interest income	2,551	-	2,551	1,389	-	1,389
Investment earnings (losses)	25,506	-	25,506	(1,479)	-	(1,479)
Total other income (expense)	<u>28,057</u>	<u>-</u>	<u>28,057</u>	<u>(90)</u>	<u>-</u>	<u>(90)</u>
Change in net assets	8,372	44,794	53,166	22,467	205,254	227,721
Net assets, beginning of year	<u>1,806,922</u>	<u>545,855</u>	<u>2,352,777</u>	<u>1,784,455</u>	<u>340,601</u>	<u>2,125,056</u>
Net assets, end of year	<u>\$ 1,815,294</u>	<u>\$ 590,649</u>	<u>\$ 2,405,943</u>	<u>\$ 1,806,922</u>	<u>\$ 545,855</u>	<u>\$ 2,352,777</u>

See Notes to Financial Statements.

**GOOD MEWS ANIMAL FOUNDATION, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Program</u>	<u>Fundraising</u>	<u>Management &amp; General</u>	<u>Total Expenses</u>
Professional fees	\$ 49,060	\$ -	\$ 49,966	\$ 99,026
Supplies	137,777	10,191	4,777	152,745
Personnel	200,072	-	698	200,770
Occupancy	16,117	-	5,425	21,542
Events	-	35,782	-	35,782
Printing & postage	3,583	24,652	-	28,235
Telephone	7,010	-	-	7,010
Bank fees	-	-	13,337	13,337
Depreciation	77,934	-	-	77,934
Repairs & maintenance	7,168	-	-	7,168
Interest	28,009	-	1,002	29,011
Storage	6,396	-	-	6,396
Insurance	8,090	-	-	8,090
Other	6,711	2,037	5,078	13,826
Total expenses	<u>\$ 547,927</u>	<u>\$ 72,662</u>	<u>\$ 80,283</u>	<u>\$ 700,872</u>

See Notes to Financial Statements.

GOOD MEWS ANIMAL FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Program</u>	<u>Fundraising</u>	<u>Management &amp; General</u>	<u>Total Expenses</u>
Professional fees	\$ 132,548	\$ -	\$ 38,042	\$ 170,590
Supplies	147,522	14,969	5,111	167,602
Personnel	138,607	-	4,189	142,796
Occupancy	16,072	-	1,044	17,116
Events	-	45,442	-	45,442
Printing & postage	5,848	20,684	-	26,532
Telephone	7,713	-	-	7,713
Bank fees	-	-	13,431	13,431
Depreciation	52,247	-	-	52,247
Repairs & maintenance	7,171	-	-	7,171
Interest	31,011	-	6,012	37,023
Storage	3,200	-	-	3,200
Insurance	8,853	-	-	8,853
Other	9,280	745	2,145	12,170
Total expenses	<u>\$ 560,072</u>	<u>\$ 81,840</u>	<u>\$ 69,974</u>	<u>\$ 711,886</u>

See Notes to Financial Statements.

**GOOD MEWS ANIMAL FOUNDATION, INC.**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 53,166	\$ 227,721
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	77,934	52,247
Amortization of loan issuance costs included in interest expense	1,003	6,013
Realized (gain) on investments	(25,506)	(1,479)
Donated securities	(21,347)	(3,322)
Decrease in promises to give	-	1,780
Decrease in other current assets	-	11,780
(Decrease) in accounts payable	-	(1,348)
(Decrease) increase in accrued liabilities	2,915	(1,721)
Increase in prepaid adoption fees	1,325	1,153
Net cash provided by operating activities	89,490	292,824
<b>INVESTING ACTIVITIES</b>		
Purchase of property & equipment	(880)	(119,594)
Net cash (used in) investing activities	(880)	(119,594)
<b>FINANCING ACTIVITIES</b>		
Payments on note payable	(25,195)	(76,070)
Net cash (used in) financing activities	(25,195)	(76,070)
Increase in cash and cash equivalents	63,415	97,160
Cash and cash equivalents, beginning of year	1,108,795	1,011,635
Cash and cash equivalents, end of year	\$ 1,172,210	\$ 1,108,795
Supplemental disclosure of cash flow information:		
Cash payments for interest	\$ 31,887	\$ 37,023

See Notes to Financial Statements.

**GOOD MEWS ANIMAL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. ORGANIZATION**

Good Mews Animal Foundation, Inc. (the "Organization") was formed in 1988. Located in Marietta, Georgia, the Organization provides an alternative to shelters performing euthanasia of unwanted cats. The Organization's mission is to provide a cage-free, no-kill haven for homeless, abused, abandoned, or owner-relinquished cats until they are placed in permanent loving homes.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Organization's Summary of Significant Accounting Policies is presented to assist in understanding its financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the statements' preparation. The financial statements and notes are representations of the Organization's management, who are responsible for their integrity and objectivity.

**Basis of Presentation**

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. This basis of presentation involves the application of accrual accounting; consequently, revenues are recognized when earned, and expenses are recognized when incurred.

**Cash and Cash Equivalents**

Cash and cash equivalents include all highly liquid investments purchased with an initial maturity of three months or less.

At times during the year, the Organization maintains cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation insurance limit. The Organization believes it is not exposed to any significant credit risk on cash.

**Investments**

For those investments which have readily determined fair values, the Organization carries them at fair value on the statements of financial position. None of the investments are donor restricted or board designated. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. All of the Organization's investments were in common stocks and the fair market value of these stocks was \$85,088 and \$38,235 at December 31, 2019 and 2018, respectively.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Property and Equipment

Purchased property and equipment are carried at cost. Donated property and equipment is carried at approximate fair value at donation date. Expenditures of \$1,000 or more which prolong an asset's useful life beyond two years are capitalized. Leasehold improvements are amortized over the shorter of the lease's remaining term or the asset's estimated useful life. The cost of assets retired or sold and their associated accumulated depreciation are removed from the accounts upon disposition, with any related gain or loss included in income. Depreciation is provided under the straight-line method over each asset's estimated useful life, ranging from five to forty years.

#### Fair Value of Financial Instruments

GAAP has established a framework for measuring fair value that provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

*Level 1* - Valuations for assets and liabilities traded in active markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

*Level 2* - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

*Level 3* - Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the user of observable inputs and minimize the use of unobservable inputs.

The Organization's financial instruments include cash, promises to give, other receivables, investments, accounts payable, accrued liabilities, and note payable. The carrying value of these instruments approximates fair value due to their relatively short-term nature.

The Organization's investments are considered level 1 as the Organization only holds common stock.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. It is the policy of the board of directors to review their financial standing from time to time and to designate sums of net assets without donor restrictions for specific efforts.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, this is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

There were \$590,649 and \$545,855 in net assets with donor restrictions at December 31, 2019 and 2018, respectively.

#### Revenue Recognition

In accordance with FASB, unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. All contributions and investment income are available for use unless specifically restricted by the donor. Amounts received and investment income earned that are designated for future periods or restricted by the donor for specific purposes are reported as donor restricted support that increases that net asset class. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met.

Contributions received are recorded as support with donor restrictions or without donor restrictions depending on the existence or nature of any donor restrictions. All contributions are available for use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are met within the fiscal year in which the contributions are received.

Donated materials and services are reflected as contributions in the accompanying financial statements at their fair values at the date of receipt. 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 be purchased by the Organization. A substantial number of volunteers donated significant amounts of their time to the Organization's program services. No amounts have been reflected in the statement of activities because the criteria for recognition of such volunteer effort have not been satisfied.

#### Functional Allocation of Expenses

The costs of providing various programs and other activities has been summarized on a functional basis in the statements of functional expenses. The Organization has one program which supports providing a safe haven to all cats taken in by the Organization. Costs directly attributable to their program are summarized by their natural classification on the statement of functional expenses. The Organization's operating costs are shown between management and general and fundraising costs and are summarized by their natural classification on the statements of functional expenses. All costs reported were directly attributable to each classification and no allocation of expenses was determined to be needed.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Income Taxes

The Organization is exempt from federal and state income taxes according to IRS Section 501(c)(3). The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Management has considered the tax positions in its tax returns and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely-than-not to be sustained upon examination.

The Organization files form 990 in the state of Georgia.

#### Use of Estimates

The Organization prepares its financial statements in conformity with accounting principles generally accepted in the United States of America, which requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

#### Recent Accounting Pronouncements

In June 2018, FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, which clarifies and establishes standards for characterizing contributions (nonreciprocal) subject to ASC Topic 958 or as exchange transactions (reciprocal) subject to ASC Topic 606. For the year ending December 31, 2019, the Organization adopted ASU 2018-08 and has adjusted the presentation in these financial statements accordingly. The adoption of ASU 2018-08 did not have an impact on the timing of the revenue recognition related to contribution and grant revenue.

### NOTE 3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

	<u>2019</u>	<u>2018</u>
Cash	\$ 581,561	562,940
Investments	85,088	38,235
Financial assets available for general use	<u>\$ 666,649</u>	<u>\$ 601,175</u>

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Organization are expected to be met on a monthly basis from program service fees and contributions. In general, the Organization maintains sufficient financial assets on hand to meet 30 days of normal operating expenses.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. PROMISES TO GIVE

Promises to give consisted of the following at December 31, 2019 and 2018:

	2019	2018
Current	\$ -	\$ 31,196
Less allowance for uncollectible promises to give	-	(31,196)
Net promises to give	\$ -	\$ -

During the year ended December 31, 2019, the Organization wrote-off \$31,196 in amounts determined to be uncollectible.

### NOTE 5. PROPERTY & EQUIPMENT

Property & equipment consisted of the following at December 31, 2019 and 2018:

	2019	2018
Building	\$ 1,399,385	\$ 1,399,385
Land	231,996	231,996
Furniture & fixtures	126,338	52,434
Equipment	131,716	131,716
Construction in progress	-	73,024
Accumulated depreciation	(256,538)	(178,604)
Net property & equipment	\$ 1,632,897	\$ 1,709,951

Depreciation expense for the years ended December 31, 2019 and 2018 was \$77,934 and \$52,247, respectively.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. NOTE PAYABLE

In February 2015 the Organization obtained a \$675,000 non-revolving line of credit to finance construction. On December 20, 2015, the loan converted to an amortizing term loan, and is payable in monthly principal and interest installments in the amount of \$4,444 maturing with a balloon payment of the remaining principal balance on February 20, 2020. The Organization intends to refinance the loan in fiscal year 2020. The loan requires simple interest on the outstanding principal balance at a rate of 4.85% per annum. The loan is collateralized by the premises constructed.

As of December 31, 2019, the note's scheduled maturities are as follows:

2020	\$	474,489
Less: unamortized debt issuance costs, net		<u>(6,017)</u>
	\$	<u>468,472</u>

Interest expense incurred totaled \$31,887 and \$37,023 for the years ended December 31, 2019 and 2018, respectively.

### NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes at December 31:

	<u>2019</u>	<u>2018</u>
Capital campaign	\$ 99,621	\$ 99,621
Surgical unit	488,715	443,921
Adoption sponsorships	<u>2,313</u>	<u>2,313</u>
	<u>\$ 590,649</u>	<u>\$ 545,855</u>

Net assets with donor restrictions consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Cash	\$ 590,649	\$ 544,147
Promises to give	<u>-</u>	<u>1,708</u>
	<u>\$ 590,649</u>	<u>\$ 545,855</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. NET ASSETS RELEASED FROM RESTRICTIONS

For the years ended December 31, 2019 and 2018, net assets with donor restrictions were released from restriction by incurring expenses satisfying the restricted purposes specified by donors as follows:

	<u>2019</u>	<u>2018</u>
Surgical unit	<u>\$ 44,010</u>	<u>\$ 35,140</u>

### NOTE 9. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 7, 2020, the date that the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact the change in net assets. Other financial impacts could occur however the extent of potential impact is unknown at this time.