

GOOD MEWS ANIMAL FOUNDATION, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
with
INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Good Mews Animal Foundation, Inc.

Opinion

We have audited the accompanying financial statements of Good Mews Animal Foundation, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021 and the changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP; 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date of this report.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Smith and Howard

October 10, 2023

GOOD MEWS ANIMAL FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 734,411	\$ 1,077,774
Investments	423,778	509,767
Prepaid expenses	<u>7,080</u>	<u>3,000</u>
Total current assets	<u>1,165,269</u>	<u>1,590,541</u>
Property and equipment, net	1,475,855	1,522,733
Right of Use Asset	<u>114,821</u>	<u>-</u>
Total long term assets	<u>1,590,676</u>	<u>1,522,733</u>
Total Assets	<u>\$ 2,755,945</u>	<u>\$ 3,113,274</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$ 6,224	\$ 20,128
Prepaid adoption fees	702	5,054
Paycheck Protection Program loan	-	48,945
Operating lease liability, current portion	45,651	-
Notes payable, current portion	<u>26,104</u>	<u>25,095</u>
Total Current Liabilities	78,681	99,222
Noncurrent Liabilities		
Operating lease liability, net of current portion	80,861	-
Notes payable, net of current portion and loan costs	<u>371,644</u>	<u>395,284</u>
Total Liabilities	<u>531,186</u>	<u>494,506</u>
Net Assets		
Without donor restrictions	2,162,033	2,230,579
With donor restrictions	<u>62,726</u>	<u>388,189</u>
Total Net Assets	<u>2,224,759</u>	<u>2,618,768</u>
Total Liabilities and Net Assets	<u>\$ 2,755,945</u>	<u>\$ 3,113,274</u>

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

**GOOD MEWS ANIMAL FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Contributions and grants	\$ 570,077	\$ -	\$ 570,077
Special Events	209,017	-	209,017
Adoptions	45,837	-	45,837
Merchandise	24,362	-	24,362
Other income	26,768	-	26,768
Net assets released from restrictions	<u>325,463</u>	<u>(325,463)</u>	<u>-</u>
Total support and revenue	<u>1,201,524</u>	<u>(325,463)</u>	<u>876,061</u>
Expenses			
Program services	1,036,892	-	1,036,892
Supporting services			
Management and general	187,539	-	187,539
Fundraising	<u>31,037</u>	<u>-</u>	<u>31,037</u>
Total Expenses	<u>1,255,468</u>	<u>-</u>	<u>1,255,468</u>
Other Income (Loss)			
Forgiveness of Paycheck Protection Program loan	48,945	-	48,945
Investment loss	<u>(63,547)</u>	<u>-</u>	<u>(63,547)</u>
Total Other Income (Loss)	<u>(14,602)</u>	<u>-</u>	<u>(14,602)</u>
Change in Net Assets	(68,546)	(325,463)	(394,009)
Net Assets, Beginning of Year	<u>2,230,579</u>	<u>388,189</u>	<u>2,618,768</u>
Net Assets, End of Year	<u>\$ 2,162,033</u>	<u>\$ 62,726</u>	<u>\$ 2,224,759</u>

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

**GOOD MEWS ANIMAL FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Contributions and grants	\$ 669,209	\$ -	\$ 669,209
Special Events	96,225	-	96,225
Adoptions	41,500	-	41,500
Merchandise	21,053	-	21,053
In-kind contributions	200,753	-	200,753
Other income	24,647	-	24,647
Net assets released from restrictions	<u>303,604</u>	<u>(303,604)</u>	<u>-</u>
Total support and revenue	<u>1,356,991</u>	<u>(303,604)</u>	<u>1,053,387</u>
Expenses			
Program services	887,874	-	887,874
Supporting services			
Management and general	71,947	-	71,947
Fundraising	<u>35,248</u>	<u>-</u>	<u>35,248</u>
Total Expenses	<u>995,069</u>	<u>-</u>	<u>995,069</u>
Other Income			
Forgiveness of Paycheck Protection Program loan	38,875	-	38,875
Investment earnings	<u>104,940</u>	<u>-</u>	<u>104,940</u>
Total Other Income	<u>143,815</u>	<u>-</u>	<u>143,815</u>
Change in Net Assets	505,737	(303,604)	202,133
Net Assets, Beginning of Year	<u>1,724,842</u>	<u>691,793</u>	<u>2,416,635</u>
Net Assets, End of Year	<u>\$ 2,230,579</u>	<u>\$ 388,189</u>	<u>\$ 2,618,768</u>

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

**GOOD MEWS ANIMAL FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Personnel	\$ 561,861	\$ 76,186	\$ -	\$ 638,047
Supplies	230,476	8,980	16,126	255,582
Depreciation	78,796	-	-	78,796
Professional fees	13,492	20,645	-	34,137
Repair and maintenance	17,018	3,733	-	20,751
Interest	17,440	-	-	17,440
Other	33,484	22,667	-	56,151
Insurance	17,339	-	-	17,339
Occupancy	23,412	41,905	-	65,317
Storage	4,342	-	-	4,342
Telephone	7,003	2,823	-	9,826
Printing and postage	30,984	-	6,837	37,821
Bank fees	1,245	10,600	-	11,845
Events	-	-	8,074	8,074
Total Functional Expenses	<u>\$ 1,036,892</u>	<u>\$ 187,539</u>	<u>\$ 31,037</u>	<u>\$ 1,255,468</u>

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

**GOOD MEWS ANIMAL FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Personnel	\$ 449,379	\$ -	\$ -	\$ 449,379
Supplies	189,894	6,987	3,059	199,940
Depreciation	79,049	-	-	79,049
Professional fees	13,584	28,205	-	41,789
Repair and maintenance	22,966	-	-	22,966
Interest	15,551	-	-	15,551
Other	48,928	16,627	1,943	67,498
Insurance	21,166	-	-	21,166
Occupancy	18,868	6,951	-	25,819
Storage	8,010	-	-	8,010
Telephone	7,046	-	-	7,046
Printing and postage	13,075	-	26,605	39,680
Bank fees	358	13,177	-	13,535
Events	-	-	3,641	3,641
Total Functional Expenses	<u>\$ 887,874</u>	<u>\$ 71,947</u>	<u>\$ 35,248</u>	<u>\$ 995,069</u>

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

GOOD MEWS ANIMAL FOUNDATION, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (394,009)	\$ 202,133
Adjustments to reconcile change in net assets to net cash required by operating activities		
Depreciation	78,796	79,049
Amortization of loan issuance costs included in interest expense	871	871
Forgiveness of Paycheck Protection Program loan	(48,945)	(38,875)
Unrealized (gain) loss on investments	86,434	(77,075)
Donated securities	-	(200,753)
Lease expense	31,719	-
Payments on lease liability	(20,028)	-
Change in operating assets and liabilities:		
Prepaid expenses	(4,080)	(3,000)
Accounts payable and accrued liabilities	(13,904)	10,715
Prepaid adoption fees	(4,352)	475
Total Adjustments	<u>106,511</u>	<u>(228,593)</u>
Net Cash Required by Operating Activities	<u>(287,498)</u>	<u>(26,460)</u>
Cash Flows from Investing Activities:		
Purchases of property and equipment	(31,918)	(45,308)
Purchases of investments	<u>(445)</u>	<u>(108,946)</u>
Net Cash Required by Investing Activities	<u>(32,363)</u>	<u>(154,254)</u>
Cash Flows from Financing Activities:		
Payments on note payable	(23,502)	(25,264)
Proceeds from note payable	<u>-</u>	<u>48,946</u>
Net Cash Provided (Required) by Financing Activities	<u>(23,502)</u>	<u>23,682</u>
Change in Cash and Cash Equivalents	(343,363)	(157,032)
Cash and Cash Equivalents, Beginning of Year	<u>1,077,774</u>	<u>1,234,806</u>
Cash and Cash Equivalents, End of Year	<u>\$ 734,411</u>	<u>\$ 1,077,774</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the years for:		
Interest	<u>\$ 17,440</u>	<u>\$ 14,680</u>

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

GOOD MEWS ANIMAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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

Basis of Accounting

The Foundation follows accounting standards set by the Financial Accounting Standards Board (“FASB”). The FASB sets accounting principles generally accepted in the United States of America (“GAAP”).

New Accounting Policy Adopted

Effective January 1, 2022, the Organization adopted Accounting Standards Update (“ASU”) 2016-02, Leases (Topic 842). The objective of this ASU is to increase transparency and comparability in financial reporting by requiring statement of financial position recognition of leases and note disclosure of certain information about lease arrangements. The Organization adopted ASU 2016-02 using the modified retrospective method. This method allows the standard to be applied retrospectively through a cumulative catch-up adjustment to net assets recognized upon adoption, if necessary. Adoption of ASU 2016-02 did not result in changes to the Organization’s beginning net assets balance. Additionally, upon adoption, the Organization elected to use risk-free discount rate, an option only available to private entities, when calculating the present value of future lease payments and has made an accounting policy election to not recognize lease assets and lease liabilities for leases with terms of 12 months or less.

Adoption of this ASU did not resulted in the Organization recording a right of use (“ROU”) asset of and corresponding operating lease liability on January 1, 2022 since both leases were entered during 2022. As of December 31, 2022, the ROU was \$145,892 and operating lease liability was \$126,512. Operating lease expense is recorded on a straight-line basis throughout the lease term and the ROU asset and corresponding operating lease liability are reduced as lease payments are made.

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.

GOOD MEWS ANIMAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$423,778 and \$509,767 at December 31, 2022 and 2021, respectively.

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

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 use of observable inputs and minimize the use of unobservable inputs.

GOOD MEWS ANIMAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments (Continued)

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.

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.

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.

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.

GOOD MEWS ANIMAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

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.

Income Taxes

The Organization is exempt from income taxes under Section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Accordingly, no provision for federal or state income taxes has been made in the accompanying financial statements.

The Organization annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions the Organization takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial Accounting Standards Codification.

In the normal course of business, the Organization is subject to examination by the federal and state taxing authorities. In general, the Organization is no longer subject to tax examinations for the tax years ending before December 31, 2019.

GOOD MEWS ANIMAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Subsequent Events

The Organization has evaluated events through the date of this report, which is the date the financial statements were available to be issued.

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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 671,685	\$ 993,189
Investments	<u>423,778</u>	<u>509,767</u>
Financial assets available for general use	<u>\$ 1,095,463</u>	<u>\$ 1,502,956</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.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Buildings and improvements	\$ 1,399,385	\$ 1,399,385
Land	231,996	231,996
Equipment	148,426	131,716
Furniture and fixtures	127,138	126,338
Leasehold Improvements	59,716	45,308
Accumulated depreciation	<u>(490,806)</u>	<u>(412,010)</u>
Net property & equipment	<u>\$ 1,475,855</u>	<u>\$ 1,522,733</u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$78,796 and \$79,049, respectively.

GOOD MEWS ANIMAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 5 – 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. On March 26, 2020 the Organization refinanced the terms of the loan to be payable in monthly principal and interest installments in the amount of \$3,454 maturing with a balloon payment of the remaining principal balance on March 20, 2025. The loan requires simple interest on the outstanding principal balance at a rate of 3.95% per annum. The loan is collateralized by the premises constructed.

The aggregate amounts of principal payments on the notes during the years following December 31, 2022 are as follows:

2023	\$	26,104
2024		27,155
2025		347,104
Less unamortized deferred loan costs		<u>(2,615)</u>
Total	\$	<u>397,748</u>

Interest expense incurred totaled \$16,350 and \$14,680 for the years ended December 31, 2022 and 2021, respectively.

NOTE 6 – PAYCHECK PROTECTION PROGRAM LOAN

During the year ended December 31, 2020, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender for an aggregate principal amount of \$38,875 (the “PPP Loan”). In July 2021, the Organization obtained loan forgiveness for the first PPP loan and recorded funds within other income in the accompanying statements of activities.

A second PPP Loan was received during the year ended December 31, 2021 in the amount of \$48,946. The PPP Loan bore interest at a fixed rate of 1.0% per annum. In April 2022, the Organization obtained loan forgiveness for the second PPP loan and recorded funds within other income in the accompanying statements of activities.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Capital campaign	\$ 18,666	\$ 33,875
Surgical Unit	19,448	280,991
Best Friends	<u>24,612</u>	<u>73,323</u>
	<u>\$ 62,726</u>	<u>\$ 388,189</u>

At December 31, 2021 and 2020, all net assets with donor restrictions consisted of cash.

GOOD MEWS ANIMAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 8 – NET ASSETS RELEASED FROM RESTRICTIONS

For the years ended December 31, 2021 and 2020, net assets with donor restrictions were released from restriction by incurring expenses satisfying the restricted purposes specified by donors as follows:

	<u>2022</u>	<u>2021</u>
Capital Campaign	\$ 15,209	\$ 47,365
Surgical Unit	261,543	207,724
Best Friends	<u>48,711</u>	<u>48,515</u>
	<u>\$ 325,463</u>	<u>\$ 303,604</u>

NOTE 9 – LEASE COMMITMENT

During 2022, the Organization entered into a lease agreement for office space and a copier. The leases require monthly payments which are subject to annual increases. As detailed in Note 2, the Organization adopted ASU 2016-02, Leases, on January 1, 2022 and has recorded a ROU asset and operating lease liability which represents the present value of future lease payments using a discount rate ranging between 2.15% and 2.66%, based on treasury rates effective based on the lease term.

At December 31, 2022, the Organization's operating lease liability was comprised of the following:

Gross operating lease liability	\$ 132,784
Less: imputed interest	<u>(6,272)</u>
Present value of operating lease liability	126,512
Less: current portion of lease liability obligation	<u>(45,651)</u>
Long-term operating lease liability	<u>\$ 80,861</u>

The schedule below summarizes the future minimum annual lease obligations for the years ending December 31:

2023	\$ 48,022
2024	52,444
2025	24,374
2026	3,648
2027	<u>2,128</u>
	130,616
Less: imputed interest	<u>(4,104)</u>
	<u>\$ 126,512</u>