

GOOD MEWS ANIMAL FOUNDATION, INC.

FINANCIAL REPORT

DECEMBER 31, 2020

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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, 2020 and 2019, 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, 2020 and 2019, 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 15, 2021

GOOD MEWS ANIMAL FOUNDATION, INC.

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,234,806	\$ 1,172,210
Investments	122,993	85,088
Total current assets	<u>1,357,799</u>	<u>1,257,298</u>
PROPERTY & EQUIPMENT, NET	<u>1,556,474</u>	<u>1,632,897</u>
Total assets	<u>\$ 2,914,273</u>	<u>\$ 2,890,195</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued liabilities	\$ 9,413	\$ 10,802
Prepaid adoption fees	4,579	4,978
Notes payable, current portion	<u>28,953</u>	<u>468,472</u>
Total current liabilities	<u>42,945</u>	<u>484,252</u>
NONCURRENT LIABILITIES		
Notes payable, net of current portion and loan costs	<u>454,693</u>	<u>-</u>
Total liabilities	<u>497,638</u>	<u>484,252</u>
NET ASSETS		
Without donor restrictions	1,724,842	1,815,294
With donor restrictions	<u>691,793</u>	<u>590,649</u>
Total net assets	<u>2,416,635</u>	<u>2,405,943</u>
Total liabilities and net assets	<u>\$ 2,914,273</u>	<u>\$ 2,890,195</u>

See Notes to Financial Statements.

GOOD MEWS ANIMAL FOUNDATION, INC.

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions and grants	\$ 393,804	\$ 121,838	\$ 515,642	\$ 457,827	\$ 88,804	\$ 546,631
Special events	181,659	-	181,659	82,805	-	82,805
Adoptions	38,531	-	38,531	32,797	-	32,797
Merchandise	9,123	-	9,123	19,913	-	19,913
In-kind contributions	-	-	-	15,170	-	15,170
Other income	27,215	-	27,215	28,665	-	28,665
Net assets released from restrictions	20,694	(20,694)	-	44,010	(44,010)	-
Total support and revenue	671,026	101,144	772,170	681,187	44,794	725,981
EXPENSES						
Program services	702,232	-	702,232	547,927	-	547,927
Supporting services						
Fundraising	24,273	-	24,273	72,662	-	72,662
Management & general	76,689	-	76,689	80,283	-	80,283
Total expenses	803,194	-	803,194	700,872	-	700,872
OTHER INCOME						
Interest income	1,908	-	1,908	2,551	-	2,551
Investment earnings	39,808	-	39,808	25,506	-	25,506
Total other income	41,716	-	41,716	28,057	-	28,057
Change in net assets	(90,452)	101,144	10,692	8,372	44,794	53,166
Net assets, beginning of year	1,815,294	590,649	2,405,943	1,806,922	545,855	2,352,777
Net assets, end of year	\$ 1,724,842	\$ 691,793	\$ 2,416,635	\$ 1,815,294	\$ 590,649	\$ 2,405,943

See Notes to Financial Statements.

GOOD MEWS ANIMAL FOUNDATION, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Program</u>	<u>Fundraising</u>	<u>Management & General</u>	<u>Total Expenses</u>
Professional fees	\$ 38,697	\$ -	\$ 40,127	\$ 78,824
Supplies	120,731	2,476	8,154	131,361
Personnel	359,390	-	-	359,390
Occupancy	14,494	-	5,314	19,808
Events	-	9,703	-	9,703
Printing & postage	3,879	12,014	-	15,893
Telephone	7,062	-	-	7,062
Bank fees	306	-	10,995	11,301
Depreciation	76,423	-	-	76,423
Repairs & maintenance	25,261	-	-	25,261
Interest	16,088	-	6,007	22,095
Storage	8,095	-	-	8,095
Insurance	15,724	-	-	15,724
Other	16,082	80	6,092	22,254
Total expenses	<u>\$ 702,232</u>	<u>\$ 24,273</u>	<u>\$ 76,689</u>	<u>\$ 803,194</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 & 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.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
OPERATING ACTIVITIES		
Change in net assets	\$ 10,692	\$ 53,166
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	76,423	77,934
Loan issuance costs on refinance on note payable	(5,547)	-
Amortization of loan issuance costs included in interest expense	6,007	1,003
Unrealized (gain) on investments	(26,409)	(25,506)
Donated securities	(11,496)	(21,347)
(Decrease) increase in accrued liabilities	(1,389)	2,915
(Decrease) increase in prepaid adoption fees	(399)	1,325
Net cash provided by operating activities	47,882	89,490
INVESTING ACTIVITIES		
Purchase of property & equipment	-	(880)
Net cash (used in) investing activities	-	(880)
FINANCING ACTIVITIES		
Payments on note payable	(24,161)	(25,195)
Proceeds from note payable	38,875	-
Net cash (used in) financing activities	14,714	(25,195)
Increase in cash and cash equivalents	62,596	63,415
Cash and cash equivalents, beginning of year	1,172,210	1,108,795
Cash and cash equivalents, end of year	\$ 1,234,806	\$ 1,172,210
Supplemental disclosure of cash flow information:		
Cash payments for interest	\$ 16,088	\$ 31,887

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 \$122,993 and \$85,088 at December 31, 2020 and 2019, 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 \$691,793 and \$590,649 in net assets with donor restrictions at December 31, 2020 and 2019, 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.

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>2020</u>	<u>2019</u>
Cash	\$ 545,014	581,561
Investments	<u>122,993</u>	<u>85,088</u>
Financial assets available for general use	<u>\$ 668,007</u>	<u>\$ 666,649</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 5. PROPERTY & EQUIPMENT

Property & equipment consisted of the following at December 31:

	2020	2019
Building	\$ 1,399,385	\$ 1,399,385
Land	231,996	231,996
Furniture & fixtures	126,338	126,338
Equipment	131,716	131,716
Accumulated depreciation	(332,961)	(256,538)
Net property & equipment	\$ 1,556,474	\$ 1,632,897

Depreciation expense for the years ended December 31, 2020 and 2019 was \$76,423 and \$77,934, respectively.

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. 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.

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"). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first ten months after the end of the covered period of payments deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Organization's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organization. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default. The Organization has applied for forgiveness of the PPP Loan with respect to these covered expenses and is expecting full forgiveness.

The aggregate amounts of principal payments on the notes during the years following December 31, 2020 are as follows:

2021	\$ 28,953
2022	44,496
2023	40,786
2024	27,167
2025	346,604
Less unamortized deferred loan costs	(4,357)
Total	\$ 483,646

Interest expense incurred totaled \$16,088 and \$31,887 for the years ended December 31, 2020 and 2019, respectively.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
Capital campaign	\$ 81,240	\$ 99,621
Surgical unit	488,715	488,715
Adoption sponsorships	-	2,313
Best Friends	121,838	-
	<u>\$ 691,793</u>	<u>\$ 590,649</u>

At December 31, 2020 and 2019, all net assets with donor restrictions consisted of cash.

NOTE 8. NET ASSETS RELEASED FROM RESTRICTIONS

For the years ended December 31, 2020 and 2019, net assets with donor restrictions were released from restriction by incurring expenses satisfying the restricted purposes specified by donors as follows:

	<u>2020</u>	<u>2019</u>
Surgical unit	\$ -	\$ 44,010
Adoption sponsorships	2,313	-
Capital campaign	18,381	-
	<u>20,694</u>	<u>44,010</u>

NOTE 9. EFFECTS OF COVID-19 CORONAVIRUS

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the change in net assets. Other financial impacts could occur though the extent of potential impact is unknown at this time.

NOTE 10. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 15, 2021, the date that the financial statements were available to be issued.