

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

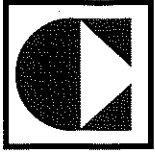
4PAWS RESCUE TEAM, INC.

September 30, 2020

**(with summarized financial information
for the year ended September 30, 2019)**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
4Paws Rescue Team, Inc.

We have audited the accompanying financial statements of 4Paws Rescue Team, Inc. (a nonprofit organization), which comprise the balance sheet as of September 30, 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 of 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 not express such an 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 4Paws Rescue Team, Inc. as of September 30, 2020, and the changes in its net assets and its functional expenses and cash flows for the year then ended in accordance with accounting standards generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited 4Paws Rescue Team, Inc., Inc.'s September 30, 2019 financial statements, and our report dated August 4, 2020 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Fairfax, Virginia
July 20, 2021

Douglas Corey & Associates, P.C.

4Paws Rescue Team, Inc.
Balance Sheets
September 30, 2020 and 2019
(See Independent Auditor's Report and notes to financial statements)

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 200,718	\$ 182,844
Promises to give	<u>47,373</u>	<u>30,245</u>
Total current assets	248,091	213,089
Property and equipment		
Property and equipment	4,435	2,223
Accumulated depreciation	<u>(2,325)</u>	<u>(2,223)</u>
	2,110	-
Investment		
	<u>5,109</u>	<u>-</u>
	<u>\$ 255,310</u>	<u>\$ 213,089</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 99,955	\$ 93,520
Alteration deposits	<u>9,400</u>	<u>8,350</u>
Total current liabilities	109,355	101,870
Net Assets		
Without Donor Restrictions	96,362	78,754
With Donor Restrictions	<u>49,593</u>	<u>32,465</u>
	<u>145,955</u>	<u>111,219</u>
	<u>\$ 255,310</u>	<u>\$ 213,089</u>

4Paws Rescue Team, Inc.
Statement of Activities
For the year ended September 30, 2020
With Comparative Totals for 2019
(See Independent Auditor's Report and notes to financial statements)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>2019 Total</u>
Revenues and Other Support:				
Adoption fees	\$ 49,164	\$ -	\$ 49,164	\$ 39,982
Combined federal campaign	-	42,173	42,173	42,547
Contributions	331,424	-	331,424	176,716
In-kind contributions	27,053	-	27,053	20,271
Stock contribution	4,933	-	4,933	-
Interest and dividend income	82	-	82	53
Unrealized gain (loss)	179	-	179	-
Net assets released from restriction:				
Satisfaction of program restrictions	<u>25,045</u>	<u>(25,045)</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Support	437,880	17,128	455,008	279,569
Expenses and Losses:				
Program service				
Adoption	408,856	-	408,856	321,258
Management and general	5,186	-	5,186	5,551
Fundraising	<u>6,230</u>	<u>-</u>	<u>6,230</u>	<u>9,545</u>
Total Expenses and Losses	<u>420,272</u>	<u>-</u>	<u>420,272</u>	<u>336,354</u>
Change in Net Assets	17,608	17,128	34,736	(56,785)
Net Assets, beginning of year	<u>78,754</u>	<u>32,465</u>	<u>111,219</u>	<u>168,004</u>
Net Assets, end of year	<u>\$ 96,362</u>	<u>\$ 49,593</u>	<u>\$ 145,955</u>	<u>\$ 111,219</u>

4Paws Rescue Team, Inc.
Statement of Functional Expenses
For the year ended September 30, 2020
With Comparative Totals for 2019
(See Independent Auditor's Report and notes to financial statements)

	<u>Program Services</u>	<u>Supporting Services</u>		<u>2020 Total</u>	<u>2019 Total</u>
	<u>Adoption</u>	<u>Management and General</u>	<u>Fundraising</u>		
Veterinary costs	\$ 367,949	\$ -	\$ -	\$ 367,949	\$ 277,176
Animal supplies	22,530	-	-	22,530	19,042
Printing and design	3,388	-	1,452	4,840	4,794
Insurance	4,661	-	-	4,661	4,511
CFC fundraising	-	-	4,217	4,217	4,751
Accounting	-	2,970	-	2,970	3,200
Storage	2,364	-	-	2,364	2,480
Office expense	1,024	1,024	-	2,048	1,418
Advertising	1,772	-	-	1,772	2,223
Telephone	1,297	-	-	1,297	2,147
Bank charges and interest	-	1,192	-	1,192	1,642
Utilities	1,063	-	-	1,063	218
Medical supplies	882	-	-	882	5,738
Postage & delivery	718	-	-	718	4,880
Other fundraising	-	-	561	561	-
Travel	503	-	-	503	-
Internet	375	-	-	375	1,372
Miscellaneous	225	-	-	225	77
Depreciation	105	-	-	105	-
Pet sitter	-	-	-	-	685
	<u>\$ 408,856</u>	<u>\$ 5,186</u>	<u>\$ 6,230</u>	<u>\$ 420,272</u>	<u>\$ 336,354</u>

4Paws Rescue Team, Inc.
Statements of Cash Flows
For the years ended September 30, 2020 and 2019
(See Independent Auditor's Report and notes to financial statements)

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 34,736	\$ (56,785)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	105	-
Stock contribution	(4,933)	-
Unrealized (gain)/loss on investments	(179)	-
(Increase) decrease in promises to give	(17,128)	2,750
Increase (decrease) in payables	6,435	39,829
Increase (decrease) in alteration deposits	<u>1,050</u>	<u>495</u>
Net increase (decrease) in cash and cash equivalents	20,086	(13,711)
Cash flows from investing activities:		
Purchase of equipment and leasehold improvements	<u>(2,212)</u>	<u>-</u>
Net increase (decrease) in cash	17,874	(13,711)
Cash, beginning of year	<u>182,844</u>	<u>196,555</u>
Cash, end of year	<u>\$ 200,718</u>	<u>\$ 182,844</u>

During the year 4Paws Rescue Team, Inc. had the following noncash transactions which were excluded from the statement of cash flows:

Fair market value of donated goods	\$ <u>27,053</u>	\$ <u>20,271</u>
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Supplemental disclosures:

Cash paid during the year for:

Income taxes	\$ <u>-</u>	\$ <u>-</u>
Interest expense	\$ <u>-</u>	\$ <u>-</u>

4Paws Rescue Team, Inc.
Notes to Financial Statements
September 30, 2020 and 2019
(See Independent Auditor's Report)

Note A - Nature of Organization

4Paws Rescue Team, Inc. ("4Paws") is a volunteer-based non-profit corporation. 4Paws was incorporated on October 25, 1995 in Virginia. 4Paws is organized for the purposes of preventing cruelty to animals and relieving the number of homeless animals by providing an adoption program, extending humane education to the community, promoting the spaying or neutering of pets and feral cats, and providing medical care to sick or injured animals that are then held for adoption. 4Paws' major sources of revenue include donations from the public and adoption fees. 4Paws conducts its programs primarily in the Northern Virginia area.

Note B - Summary of Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Method of Accounting

4Paws' financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

2. Financial Statement Presentation

The financial statements are presented in accordance with U.S. generally accepted accounting principles for nonprofit organizations. Under those principles, 4Paws is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions represent resources that are not subject to donor-imposed stipulations and are available for operations at management's discretion.

Net Assets With Donor Restrictions represent resources restricted by the donor as to purpose or by the passage of time. As of September 30, 2020 and 2019, 4Paws had net assets with donor restrictions totaling \$49,593 and \$32,465, respectively.

4Paws Rescue Team, Inc.
Notes to Financial Statements
September 30, 2020 and 2019
(See Independent Auditor's Report)

Note B - Summary of Accounting Policies, continued

3. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions with donor-imposed restrictions, such as time or purpose restrictions, are recorded as increases in net assets with donor restrictions. When donor-imposed time conditions expire or donor-imposed purpose restrictions are fulfilled, the amounts are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

4. Functional Expense Classification

The costs of providing various program and supporting services have been summarized on a functional basis on the statement of revenue and expenses. Certain costs have been allocated among program and supporting services based upon management estimates as follows:

Adoption – All expenses associated with preventing cruelty, providing an adoption program, educating the community, promoting spaying and neutering of pets and feral cats and providing medical care to animals.

Management and general – All other operating expenses incurred by 4Paws in the accomplishment of its tax –exempt purpose.

Fundraising – All expenses associated with raising funds to support the organization.

5. Income Taxes

4Paws is exempt from income taxes on all activities directly related to its exempt purpose under the Internal Revenue Service Code Section 501(c)(3). 4Paws is liable for income taxes on unrelated business income. Unrelated business income represents revenues from the sale of promotional items. There was no taxable net unrelated business income at September 30, 2020 and 2019. Accordingly, no provision for income taxes has been made in these financial statements.

The Organization evaluated its tax positions and determined it has no uncertain tax positions as of September 30, 2020 and 2019. The Organization's 2017 through 2019 tax years are open for examination by federal taxing authorities.

4Paws Rescue Team, Inc.
Notes to Financial Statements
September 30, 2020 and 2019
(See Independent Auditor's Report)

Note B - Summary of Accounting Policies, continued

6. Investments

4Paws Rescue Team, Inc. has investments in an exchange traded stock fund. They are considered available-for-sale securities. Investments are reported at fair value on the balance sheet. Unrealized gains and losses are included in the change in net assets.

7. Property, Equipment and Depreciation

Property and equipment with a cost over \$250 are recorded at cost at the date of acquisition. Donations of property and equipment over \$250 are recorded at their estimated fair value at the date of the gift. The assets are depreciated using the double declining balance method over their estimated useful lives, generally five to seven years.

8. Cash and cash equivalents

For purposes of the statement of cash flows, 4Paws considers all highly liquid instruments purchased with a maturity of three months or less to be cash and cash equivalents.

9. Advertising

Advertising costs are charged to expense as incurred. 4Paws's advertising costs totaled \$1,772 and \$2,223 for the years ended September 30, 2020 and 2019, respectively.

10. 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 differ from those estimates.

Note C – Date of Management's Review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 20, 2021, the date that the financial statements were available to be issued.

4Paws Rescue Team, Inc.
Notes to Financial Statements
September 30, 2020 and 2019
(See Independent Auditor's Report)

Note D – Liquidity

4Paws maintains a liquid cash balance in checking and savings accounts in an amount necessary to meet its anticipated expenditures for approximately 6 months.

4Paws' financial assets available within one year to meet cash needs for general expenditures through September 30, 2021 are as follows:

Financial assets	
Cash and cash equivalents	\$200,718
Less amounts not available within one year	_____ -
Financial assets available within one year for general expenditures within one year	<u>\$200,718</u>

Note E – Fixed Assets

Property and equipment are as follows:

	September 30, 2020	September 30, 2019
Auto trailers	\$ 4,435	\$ 2,223
Accumulated depreciation	<u>(2,325)</u>	<u>(2,223)</u>
Net book value	<u>\$ 2,110</u>	<u>\$ _____</u>

Depreciation expense totaled \$105 and \$0 for the years ended September 30, 2020 and 2019.

4Paws Rescue Team, Inc.
Notes to Financial Statements
September 30, 2020 and 2019
(See Independent Auditor's Report)

Note F-- Investments

The adjusted basis and fair value as of September 30, 2020 are as follows:

	Adjusted Basis	Fair Value	Unrealized Gains (Losses)
Stock fund	<u>\$ 4,933</u>	<u>\$ 5,109</u>	<u>\$ 176</u>

Investment income for the year ended September 30, 2020 consists of the following:

Interest and dividend income	\$ 82
Unrealized gains (losses)	<u>179</u>
	<u>\$ 261</u>

Note G – Fair Value Measurements

FASB ASC 820-10 establishes a fair value 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 measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

4Paws Rescue Team, Inc.
Notes to Financial Statements
September 30, 2020 and 2019
(See Independent Auditor's Report)

Note G – Fair Value Measurements, continued

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at September 30, 2020:

<u>Description</u>	<u>Fair Value</u>	<u>Significant Observable Inputs (Level 1)</u>
Stock fund	\$ 5,109	\$ 5,109

The carrying amounts reflected in the balance sheet for cash, promises to give and accounts payable approximates fair value due to the short maturities of those instruments.

Note H – Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give at September 30, 2020 and 2019 totaled \$47,373 and \$30,245, respectively. Promises to give are expected to be collected within one year. Any promises to give that are not collected within one year will be reported as a direct write-off in that year.

Note I – Net Assets with Donor Restrictions

During the years ended September 30, 2020 and 2019, net assets of \$25,095 and \$45,097, respectively, were released from donor restrictions by meeting the time restrictions or by incurring expenses satisfying the purpose restrictions specified by donors.

Net Assets with Donor Restrictions are available for the following purposes:

	September 30, 2020	September 30, 2019
Promises to give	\$47,373	\$30,245
Rescue	<u>2,220</u>	<u>2,220</u>
	<u>\$49,593</u>	<u>\$32,465</u>

4Paws Rescue Team, Inc.
Notes to Financial Statements
September 30, 2020 and 2019
(See Independent Auditor's Report)

Note J – Concentrations/Major Donor

During the year ended September 30, 2020, 4Paws received approximately 11% of its total support from adoption fees and approximately 20% of total revenue from one major donor. Also, during the year ended September 30, 2020, 4Paws received approximately 9% of its total support from the Combined Federal Campaign. This money is passed through from individual donors that designate 4Paws as the recipient organization. As of September 30, 2020, 82% of the Promises to give are due from the Combined Federal Campaign.

During the year ended September 30, 2019, 4Paws received approximately 14% of its total support from adoption fees. Also, during the year ended September 30, 2019, 4Paws received approximately 15% of its total support from the Combined Federal Campaign. This money is passed through from individual donors that designate 4Paws as the recipient organization. As of September 30, 2019, 100% of the Promises to give are due from the Combined Federal Campaign.

Note K – Related Party Transactions

During the year ended September 30, 2020, contributions from board members totaled \$27,053 and comprised 6% of total support. During the year ended September 30, 2019, contributions from board members totaled \$20,272 and comprised 7% of total support.

Note L – Fundraising expense

During the year ended September 30, 2020, 4Paws recorded administrative charges of \$4,217 related to the Combined Federal Campaign. Total fundraising costs were \$6,230.

During the year ended September 30, 2019, 4Paws recorded administrative charges of \$4,751 related to the Combined Federal Campaign. Total fundraising costs were \$9,545.

Note M – Donated Services

Many volunteers have contributed numerous hours of administrative, foster care and fund raising services to 4Paws. However, these hours do not meet the requirements to be recorded as revenue and expense.