

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

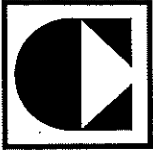
4PAWS RESCUE TEAM, INC.

September 30, 2022

**(with summarized financial information
for the year ended September 30, 2021)**

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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 the 4Paws Rescue Team, Inc. (a nonprofit organization), which comprise the balance sheet as of September 30, 2022, and the related statements of activities, cash flows and functional expenses 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 4Paws Rescue Team, Inc. as of September 30, 2022, and the changes in its net assets and its functional expenses and cash flows for the years then ended in accordance with accounting standards generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of 4Paws Rescue Team, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 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 auditor's 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 generally accepted auditing standards 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 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.

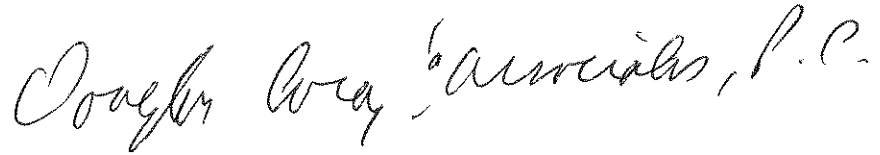
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism through 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 programs 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 4Paws Rescue Team, Inc.'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about 4Paws Rescue Team, Inc.'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.

Report on Summarized Comparative Information

We have previously audited 4Paws Rescue Team, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 22, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it was derived.

Handwritten signature in cursive script that reads "Douglas Wray" followed by a stylized flourish and "Associates, P.C."

Fairfax, Virginia
August 7, 2023

4Paws Rescue Team, Inc.
Balance Sheets
September 30, 2022 and 2021
(See Independent Auditor's Report and notes to financial statements)

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 227,774	\$ 184,126
Promises to give	<u>34,472</u>	<u>53,330</u>
Total current assets	262,246	237,456
Property and equipment	4,435	4,435
Accumulated depreciation	<u>(2,749)</u>	<u>(2,434)</u>
	1,686	2,001
Investment	<u>1,459</u>	<u>-</u>
	<u>\$ 265,391</u>	<u>\$ 239,457</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 52,546	\$ 57,083
Alteration deposits	<u>250</u>	<u>7,800</u>
Total current liabilities	52,796	64,883
Net Assets		
Without Donor Restrictions	178,123	119,024
With Donor Restrictions	<u>34,472</u>	<u>55,550</u>
	<u>212,595</u>	<u>174,574</u>
	<u>\$ 265,391</u>	<u>\$ 239,457</u>

4Paws Rescue Team, Inc.
Statement of Activities
For the year ended September 30, 2022
With Comparative Totals for 2021
(See Independent Auditor's Report and notes to financial statements)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Total</u>	<u>2021 Total</u>
Revenues and Other Support:				
Adoption fees	\$ 70,538	\$ -	\$ 70,538	\$ 57,165
Combined federal campaign	-	41,978	41,978	50,738
Contributions	272,514	-	272,514	234,052
Other program income	-	-	-	3,963
In-kind contributions	26,852	-	26,852	14,173
Stock contribution	2,005	-	2,005	2,614
Interest and dividend income	74	-	74	60
Realized gain (loss)	-	-	-	1,459
Unrealized gain (loss)	(545)	-	(545)	-
Net assets released from restriction:				
Satisfaction of program restrictions	<u>63,056</u>	<u>(63,056)</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Support	434,494	(21,078)	413,416	364,224
Expenses and Losses:				
Program service				
Adoption	352,457	-	352,457	325,022
Management and general	4,203	-	4,203	3,698
Fundraising	<u>18,735</u>	<u>-</u>	<u>18,735</u>	<u>6,885</u>
Total Expenses and Losses	<u>375,395</u>	<u>-</u>	<u>375,395</u>	<u>335,605</u>
Change in Net Assets	59,099	(21,078)	38,021	28,619
Net Assets, beginning of year	<u>119,024</u>	<u>55,550</u>	<u>174,574</u>	<u>145,955</u>
Net Assets, end of year	<u>\$ 178,123</u>	<u>\$ 34,472</u>	<u>\$ 212,595</u>	<u>\$ 174,574</u>

4Paws Rescue Team, Inc.
Statement of Functional Expenses
For the year ended September 30, 2022
With Comparative Totals for 2021
(See Independent Auditor's Report and notes to financial statements)

	<u>Program Services</u>		<u>Supporting Services</u>		<u>2022 Total</u>	<u>2021 Total</u>
	<u>Adoption</u>		<u>Management and General</u>	<u>Fundraising</u>		
Veterinary costs	\$ 297,983		\$ -	\$ -	\$ 297,983	\$ 274,664
Animal supplies	23,904		-	-	23,904	25,838
CFC fundraising	-		-	16,704	16,704	5,491
Medical/veterinary supplies	10,217		-	-	10,217	6,058
Insurance	6,438		-	-	6,438	4,511
Printing and design	3,185		-	1,586	4,771	4,364
Accounting	-		3,500	-	3,500	3,400
Storage	2,421		-	-	2,421	2,172
Advertising	1,694		-	-	1,694	1,959
Telephone	1,598		-	-	1,598	1,418
Travel	1,595		-	-	1,595	1,354
Office expense	690		691	-	1,381	519
Utilities	1,293		-	-	1,293	1,346
Postage & delivery	726		-	-	726	691
Other fundraising	-		-	445	445	-
Bank charges, fees and interest	347		12	-	359	36
Depreciation	316		-	-	316	109
Miscellaneous	50		-	-	50	1,150
Fees and licenses	-		-	-	-	525
	<u>\$ 352,457</u>		<u>\$ 4,203</u>	<u>\$ 18,735</u>	<u>\$ 375,395</u>	<u>\$ 335,605</u>

4Paws Rescue Team, Inc.
Statements of Cash Flows
For the years ended September 30, 2022 and 2021
(See Independent Auditor's Report and notes to financial statements)

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 38,021	\$ 28,619
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	316	109
Stock contribution	(2,005)	(2,614)
Realized (gain)/loss on investments	-	(1,459)
Unrealized (gain)/loss on investments	545	-
(Increase) decrease in promises to give	18,858	(5,957)
Increase (decrease) in payables	(4,537)	(42,872)
Increase (decrease) in alteration deposits	<u>(7,550)</u>	<u>(1,600)</u>
Net cash provided (used) by operating activities	43,648	(25,774)
Cash flows from investing activities:		
Proceeds from sale of investments	<u>-</u>	<u>9,182</u>
Net (decrease) increase in cash	43,648	(16,592)
Cash, beginning of year	<u>184,126</u>	<u>200,718</u>
Cash, end of year	<u>\$ 227,774</u>	<u>\$ 184,126</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>26,852</u>	\$ <u>14,173</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, 2022 and 2021
(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, 2022 and 2021, 4Paws had net assets with donor restrictions totaling \$34,472 and \$55,550, respectively.

4Paws Rescue Team, Inc.
Notes to Financial Statements
September 30, 2022 and 2021
(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

Income taxes are not provided for in the financial statements since 4Paws is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

4Paws follows the guidance of Accounting Standards Codification (ASC) 740, Accounting for Income Taxes, related to uncertainties in income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of tax positions take or expected to be taken in a tax return. There are no such uncertain tax positions for 4Paws for the years ended September 30, 2022 and 2021.

4Paws' tax returns are subject to possible examination by taxing authorities. For federal income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

4Paws Rescue Team, Inc.
Notes to Financial Statements
September 30, 2022 and 2021
(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 \$1,694 and \$1,959 for the years ended September 30, 2022 and 2021, 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 August 7, 2023 the date that the financial statements were available to be issued.

4Paws Rescue Team, Inc.
Notes to Financial Statements
September 30, 2022 and 2021
(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, 2023 are as follows:

Financial assets	
Cash and cash equivalents	\$227,774
Less amounts not available within one year	_____
Financial assets available within one year for general expenditures within one year	<u>\$227,774</u>

Note E – Fixed Assets

Property and equipment are as follows:

	September 30, 2022	September 30, 2021
Auto trailers	\$ 4,435	\$ 4,435
Accumulated depreciation	<u>(2,749)</u>	<u>(2,434)</u>
Net book value	<u>\$ 1,686</u>	<u>\$ 2,110</u>

Depreciation expense totaled \$316 and \$109 for the years ended September 30, 2022 and 2021, respectively.

4Paws Rescue Team, Inc.
Notes to Financial Statements
September 30, 2022 and 2021
(See Independent Auditor's Report)

Note F-- Investments

The adjusted basis and fair value as of September 30, 2022 were as follows:

	Adjusted Basis	Fair Value	Unrealized Gains (Losses)
Vanguard Emerging Markets ETF	<u>\$ 2,004</u>	<u>\$ 1,459</u>	<u>\$ (545)</u>

There were no investment holdings as of September 30, 2021.

Investment income for the years ended September 30, 2022 and 2021 consists of the following:

	2022	2021
Interest and dividend income	\$ 74	\$ 60
Realized gains (losses)	-	
Unrealized gains (losses)	<u>(545)</u>	<u>1,459</u>
	<u>\$ (471)</u>	<u>\$ 1,519</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, 2022 and 2021
(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, 2022:

<u>Description</u>	<u>Fair Value</u>	<u>Significant Observable Inputs (Level 1)</u>
Vanguard Emerging Markets ETF	<u>\$ 1,459</u>	<u>\$ 1,459</u>

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, 2022 and 2021 totaled \$34,472 and \$53,330, 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, 2021 and 2020, net assets of \$44,781 and \$25,095, 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, 2022	September 30, 2021
Promises to give	\$34,472	\$53,330
Rescue	<u>-</u>	<u>2,220</u>
	<u>\$34,472</u>	<u>\$55,550</u>

4Paws Rescue Team, Inc.
Notes to Financial Statements
September 30, 2022 and 2021
(See Independent Auditor's Report)

Note J – Concentrations/Major Donor

During the year ended September 30, 2022, 4Paws received approximately 17% of its total support from adoption fees. Also, during the year ended September 30, 2022, 4Paws received approximately 10% 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, 2022, 100% of the Promises to give are due from the Combined Federal Campaign.

During the year ended September 30, 2021, 4Paws received approximately 16% of its total support from adoption fees. Also, during the year ended September 30, 2021, 4Paws received approximately 14% 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, 2021, 92% of the Promises to give are due from the Combined Federal Campaign.

Note K – Related Party Transactions

During the year ended September 30, 2022, contributions from board members totaled \$26,852 and comprised 7% of total support. During the year ended September 30, 2021, contributions from board members totaled \$14,173 and comprised 4% of total support.

Note L – Fundraising expense

During the year ended September 30, 2022, 4Paws recorded administrative charges of \$16,704 related to the Combined Federal Campaign. Total fundraising costs were \$18,735.

During the year ended September 30, 2021, 4Paws recorded administrative charges of \$5,491 related to the Combined Federal Campaign. Total fundraising costs were \$6,885.

Note M – In-kind Donations

Contributions of donated non-cash assets and services are recorded at their fair market values in the period received. For the year ended September 30, 2022, non-cash contributions consist of supplies valued at \$9,235, miscellaneous administrative expenses valued at \$2,185, veterinary services valued at \$15,432, and stock valued at \$2,005. For the year ended September 30, 2021, non-cash contributions consist of supplies valued at \$7,892, miscellaneous administrative expenses valued at \$3,390, veterinary services valued at \$2,891, and stock valued at \$2,614.

4Paws Rescue Team, Inc.
Notes to Financial Statements
September 30, 2022 and 2021
(See Independent Auditor's Report)

Note M – In-kind Donations, continued

Unpaid volunteers contribute their time to forward the 4Paws' program services. Those donated services do not meet the criteria for recognition as donated services under generally accepted accounting principles, and no value has been included in these financial statements.