

THE FELINE FIX
FINANCIAL STATEMENTS

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DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

Member, AICPA and Colorado Society of CPAs

To the Board of Directors
The Feline Fix
Commerce City, CO

Opinion

We have audited the accompanying financial statements of The Feline Fix (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activity and changes in net assets, 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 Feline Fix as of December 31, 2021 and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles 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 Statements section of our report. We are required to be independent of The Feline Fix 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 audit opinion.

Responsibilities of Management 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, 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.

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 Feline Fix's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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, including omissions, 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 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 Feline Fix'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 Feline Fix'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.

Davis + Co., CPAs, P.C.

Highlands Ranch, Colorado
April 12, 2022

THE FELINE FIX
Statement of Financial Position
December 31, 2021

ASSETS

Current assets

Cash and cash equivalents	\$ 89,734
Contributions receivable	101,054
Prepaid expenses & other	<u>3,134</u>
	193,922

Property and equipment

Leasehold improvements	281,302
Equipment, furnishings & other	<u>27,526</u>
	308,828
Less: Accumulated depreciation	<u>(247,864)</u>
	<u>60,964</u>

\$254,886

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$ 4,378
Accrued payroll liabilities	<u>6,320</u>
	10,698

Net assets

Without donor restrictions	244,188
With donor restrictions	<u>—</u>
	<u>244,188</u>

\$254,886

The accompanying notes are an integral part of this statement.

THE FELINE FIX
Statement of Activity and Changes in Net Assets
For the Year Ended December 31, 2021

Changes in net assets without restrictions:

Support and revenue	
Direct and indirect contributions	\$ 195,428
Private sector grants	20,159
Bequests	95,288
Events, net of direct costs of \$1,022	16,965
Program service fees	142,580
Interest & other income	<u>1,393</u>
Total support and revenue	471,813
Net assets released from restrictions	<u>43,300</u>
Total support, revenue and reclassifications	515,113

Functional expenses	
Program services	422,064
Supporting services	
General & administrative	42,516
Financial development	<u>23,503</u>
Total expenses	<u>488,083</u>
Change in net assets without restrictions	27,030

Changes in net assets with donor restrictions:

Private sector grants	43,300
Net assets released from restrictions	<u>(43,300)</u>
Change in net assets with donor restrictions	--

Change in net assets, all categories 27,030

Net assets, beginning of year 217,158

Net assets, end of year \$244,188

The accompanying notes are an integral part of this statement.

THE FELINE FIX
Statement of Functional Expenses
For the Year Ended December 31, 2021

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total Expenses</u>
		<u>General and Administrative</u>	<u>Financial Development</u>	
Personnel expenses	\$ 263,653	\$ 16,023	\$ 11,653	\$ 291,329
Program supplies & equipment	50,832	--	--	50,832
Contract & professional services	17,690	8,008	223	25,921
Occupancy costs	35,356	4,159	2,079	41,594
Depreciation	50,066	3,657	2,532	56,255
Advertising & promotion	--	--	5,100	5,100
Bank & merchant fees	--	5,602	--	5,602
Dues, licenses & taxes	--	837	--	837
Technology expenses	1,684	187	--	1,871
Printing & postage	390	--	1,916	2,306
Office supplies & expenses	2,393	266	--	2,659
Insurance expense	--	3,777	--	3,777
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$422,064</u>	<u>\$42,516</u>	<u>\$23,503</u>	<u>\$488,083</u>

The accompanying notes are an integral part of this statement.

THE FELINE FIX
Statement of Cash Flows
For the Year Ended December 31, 2021

CASH FLOW FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 27,030
Adjustments to reconcile to net cash provided by operating activities:	
Depreciation	56,255
Changes in operating assets and liabilities:	
Increase in contributions receivable	(101,054)
Decrease in accounts payable	(3,489)
Decrease in accrued payroll liabilities	<u>(5,003)</u>
Net cash flow from operating activities	<u>(26,261)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(26,261)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>115,995</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$89,734</u>
Supplemental disclosure of cash flow information:	
Interest income – cash basis	<u>\$270</u>

The accompanying notes are a part of this statement.

THE FELINE FIX
Notes to Financial Statements
December 31, 2021

Note 1: Organization Background and Summary of Significant Accounting Policies

a. Organization background

The Feline Fix (the "Organization"), based in Commerce City, Colorado, was established in 2003 as a non-profit corporation under the laws of the State of Colorado. Their mission is to promote the health and welfare of underserved cats through spay/neuter, limited veterinary services, trap-neuter-return (TNR), community outreach, collaboration and education. Since its inception, the Organization has spayed or neutered over 46,000 cats.

The Organization is funded primarily by contributions, grants, special fundraising events and program service fees.

b. Financial statement presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (USGAAP).

The Organization follows the provisions of FASB ASC 958 "*Financial Statements of Not-for-Profit Organizations*". Under this guidance, the Organization is required to report information regarding its financial position and activities according to two classes of net assets, as follows:

Without donor restrictions - Resources not subject to donor-imposed restrictions.

With donor restrictions - Resources subject to donor-imposed restrictions that will be satisfied either by the actions of the Organization or the passage of time.

c. Revenue recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted either for future periods or for specific purposes by the donor are reported as support that increases "net assets with donor restrictions". When a donor restriction is satisfied, net assets with donor restrictions are reclassified and reported in the statement of activities as net assets released from restrictions, thus increasing "net assets without donor restrictions". If a donor-imposed restriction is satisfied in the same accounting period that the revenue is received, the Organization reports the revenue as "without donor restrictions."

Program service fees are primarily from medical procedures and clinical care and are recorded as revenue at the point in time when earned by the performance of underlying contractual obligations. Revenue is reported at the amount of consideration the Organization expects to receive in exchange for providing the contracted services. Funds received in advance of being earned are recorded as deferred revenue, a liability.

(Continued)

THE FELINE FIX
Notes to Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

d. Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted demand and time deposit accounts with maturities of three months or less to be cash equivalents as long as they are not legally restricted as to withdrawal.

e. Accounts receivable

Receivables are either not significant or due from known sources. As such, the Organization has elected to use the direct write-off method for any receivables deemed to be uncollectible, which are infrequent. Therefore; an allowance for bad debts is not recorded herein.

f. Property and equipment

The Organization's significant investment in leasehold improvements was necessary in early 2018 in order to have a state-of-the-art licensed spay/neuter clinic and administrative offices. Expenditures for these improvements, in addition to those for furniture, computers and medical equipment in excess of \$1,000, are capitalized at their historical cost and depreciated using the straight-line method and expected lives of 5 years. Depreciation expense for 2021 amounted to \$56,255.

g. Accrued compensated absences

As required by USGAAP, the Organization accrues compensated absences such as vacation when earned. The liability of \$2,869 at December 31, 2021 is included under "accrued payroll liabilities", herein.

h. Donated services and materials

The Organization records all services which are significant, require technical expertise and would have been purchased if not received via donation. Similarly, donated materials are recorded at fair value if they are significant and otherwise would have been purchased. There were no donations of significance during 2021 meeting these requirements.

i. Estimates

The preparation of financial statements in conformity with USGAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

j. Functional expenses

Expenses which benefit a specific functional area are charged to such area. If an expense affects more than one area, it is allocated based on the staff time expended or another reasonable basis.

(Continued)

THE FELINE FIX
Notes to Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

k. Concentrations of credit risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash equivalents. The Organization has placed its temporary cash investments with a large and well capitalized national bank institution and attempts to limit its amount of credit exposure to any one financial institution. Management does not believe any significant risks exist due to the concentrations of credit risk at December 31, 2021.

l. Tax status

The Organization is exempt from federal and state income taxes under IRS Code Section 501(c)(3), has no items of unrelated business income and believes it has complied with all requirements necessary to maintain its tax-exempt status.

m. Subsequent events

Management has evaluated subsequent events through April 12, 2022, the date the independent auditor's report on these financial statements was available to be issued. A large bequest for \$84,251, included in receivables at December 31, 2021, was received in January of 2022.

Note 2: Commitments

The Organization has a five-year lease agreement for its clinic in Commerce City, Colorado. The lease expires on December 31, 2022. The future minimum lease payments required under the agreement are as follows:

<u>Year</u>	<u>Amount</u>
2022	<u>\$50,288</u>

Rental expense pursuant to the lease during 2021 of \$41,594 is recorded herein as the major component of "occupancy costs".

Note 3: Liquidity and Availability of Financial Resources

The Organization's cash flow is monitored on a monthly basis by management and the Board of Directors. The COVID 19 pandemic adversely impacted liquidity early in 2021. Financial assets available for general operating expenditure within one year of the balance sheet date consist of the following, as illustrated on the Statement of Financial Position, herein:

Cash and cash equivalents	\$ 89,734
Contributions receivable	101,054
Prepaid expenses	3,134
Less: current liabilities	<u>(10,698)</u>
	<u>\$183,224</u>

(Continued)

THE FELINE FIX
Notes to Financial Statements
December 31, 2021

Note 4: Payroll Protection Loan from the SBA

In April 2020, the Organization received a \$52,600 loan through its bank under the Small Business Administration's Payroll Protection Program (PPP) intended to help mitigate the financial impact of the COVID 19 pandemic by providing support to meet payroll and related expenses. Recorded as a liability initially, the Organization used the proceeds for payroll related costs during the 24-week period from when the loan was issued on April 15.

Late in its 2020 fiscal year the Organization submitted an application for forgiveness of 100% of this loan, and expected a favorable outcome.

On April 29, 2021 the Organization was informed by the bank that the debt had been forgiven. Accordingly, it was reclassified in 2020 as debt forgiveness income.

Note 5: Net Assets with Donor Restrictions

The Organization had no net assets with donor imposed restrictions at December 31, 2021 as the \$43,300 of foundation grants with restrictions which were received in 2021 were also fully expended in 2021. The Organization's activity in the donor restricted net asset class during 2021 was as follows:

<u>Donor/purpose</u>	Balance at Dec 31, <u>2020</u>	Restricted Grants <u>Received</u>	Designated <u>Interest</u>	Expenditures Satisfying <u>Restriction(s)</u>	Balance at Dec 31, <u>2021</u>
Private sector grants					
- Purpose restricted	\$ <u> --</u>	\$43,300	\$ <u> --</u>	\$(43,300)	\$ <u> --</u>