GOOD MEWS ANIMAL FOUNDATION, INC.

FINANCIAL REPORT

DECEMBER 31, 2015

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TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of financial position	2
Statements of activities	3
Statements of functional expenses	4 and 5
Statements of cash flows	6
Notes to financial statements	7-11

MAULDIN & JENKINS

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, 2015 and 2014, 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, 2015 and 2014, 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
August 11, 2016

GOOD MEWS ANIMAL FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 723,042**	$ 856,456
Promises to give, current portion, net	**47,507**	104,139
Investments	**-**	634
Other current assets	**925**	3,016
Total current assets	**771,474**	964,245
PROPERTY & EQUIPMENT, NET	**1,611,825**	457,151
NONCURRENT ASSETS		
Promises to give, long-term portion, net	**19,730**	37,517
Deferred loan costs, net	**25,055**	3,156
Total noncurrent assets	**44,785**	40,673
Total assets	**$ 2,428,084**	$ 1,462,069
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	**$ 1,864**	$ 1,135
Accrued liabilities	**8,420**	3,913
Prepaid adoption fees	**3,100**	1,075
Note payable - current portion	**21,124**	33,233
Total current liabilites	**34,508**	39,356
NONCURRENT LIABILITIES		
Note payable	**648,145**	20,144
Total liabilities	**682,653**	59,500
NET ASSETS		
Unrestricted	**1,450,931**	823,269
Temporarily restricted	**294,500**	579,300
Total net assets	**1,745,431**	1,402,569
Total liabilities and net assets	**$ 2,428,084**	$ 1,462,069

See Notes to Financial Statements.

GOOD MEWS ANIMAL FOUNDATION, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			2014		
	Unrestricted	**Temporarily Restricted**	**Total**	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Contributions and grants	**$ 259,925**	**$ 425,607**	**$ 685,532**	$ 484,278	$ 391,719	$ 875,997
Special events	**60,305**	**-**	**60,305**	56,677	-	56,677
Adoptions	**12,314**	**-**	**12,314**	20,100	-	20,100
Merchandise	**17,619**	**-**	**17,619**	12,908	-	12,908
In-kind contributions	**68,293**	**-**	**68,293**	65,868	-	65,868
Other income	**1,690**	**-**	**1,690**	1,062	-	1,062
Net assets released from restrictions	**710,407**	**(710,407)**	**-**	190,334	(190,334)	-
Total support and revenue	**1,130,553**	**(284,800)**	**845,753**	831,227	201,385	1,032,612
EXPENSES						
Program services	**385,182**	**-**	**385,182**	448,837	-	448,837
Supporting services						
Fundraising	**60,323**	**-**	**60,323**	67,898	-	67,898
Management & general	**61,444**	**-**	**61,444**	57,902	-	57,902
Total expenses	**506,949**	**-**	**506,949**	574,637	-	574,637
OTHER INCOME (EXPENSE)						
Interest income	**443**	**-**	**443**	475	-	475
Investment earnings (losses)	**5,346**	**-**	**5,346**	(431)	-	(431)
Loss on abandonment	**(1,731)**	**-**	**(1,731)**	-	-	-
Total other income (expense)	**4,058**	**-**	**4,058**	44	-	44
Change in net assets	**627,662**	**(284,800)**	**342,862**	256,634	201,385	458,019
Net assets at beginning of year	**823,269**	**579,300**	**1,402,569**	566,635	377,915	944,550
Net assets at end of year	**$ 1,450,931**	**$ 294,500**	**$ 1,745,431**	$ 823,269	$ 579,300	$ 1,402,569

See Notes to Financial Statements.

GOOD MEWS ANIMAL FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program	Fundraising	Management & General	Total Expenses
Professional fees	$ 105,775	$ 1,712	$ 33,490	$ 140,977
Supplies	91,810	3,541	1,666	97,017
Personnel	83,582	-	4,189	87,771
Occupancy	36,127	-	5,726	41,853
Events	-	28,685	-	28,685
Printing & postage	9,034	26,385	-	35,419
Telephone	9,952	-	-	9,952
Bank fees	-	-	11,294	11,294
Depreciation and amortization	12,943	-	5,079	18,022
Repairs & maintenance	3,776	-	-	3,776
Interest	13,948	-	-	13,948
Storage	4,686	-	-	4,686
Insurance	5,201	-	-	5,201
Other	8,348	-	-	8,348
Total expenses	$ 385,182	$ 60,323	$ 61,444	$ 506,949

See Notes to Financial Statements.

GOOD MEWS ANIMAL FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Program	Fundraising	Management & General	Total Expenses
Professional fees	$ 118,875	$ 4,600	$ 39,819	$ 163,294
Supplies	138,577	4,657	1,487	144,721
Personnel	91,062	-	4,189	95,251
Occupancy	50,802	-	615	51,417
Events	-	32,997	-	32,997
Printing & postage	5,618	25,644	-	31,262
Telephone	9,858	-	-	9,858
Bank fees	-	-	9,965	9,965
Depreciation and amortization	1,825	-	-	1,825
Repairs & maintenance	6,270	-	-	6,270
Interest	3,960	-	-	3,960
Storage	6,761	-	-	6,761
Property taxes	3,241	-	-	3,241
Insurance	5,008	-	-	5,008
Other	6,980	-	1,827	8,807
Total expenses	$ 448,837	$ 67,898	$ 57,902	$ 574,637

See Notes to Financial Statements.

GOOD MEWS ANIMAL FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
OPERATING ACTIVITIES		
Change in net assets	**$ 342,862**	$ 458,019
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**12,943**	1,825
Amortization of loan costs	**5,079**	-
Loss on abandonment of leasehold improvements	**1,731**	-
Realized (gain) loss on investments	**(5,346)**	431
Decrease in promises to give	**74,419**	59,127
Donated securities	**(14,769)**	(21,476)
Decrease in other current assets	**2,091**	25,543
Increase (decrease) in accounts payable	**729**	(1,315)
Increase in accrued liabilities	**4,507**	493
Increase in prepaid adoption fees	**2,025**	1,075
Net cash provided by operating activities	**426,271**	523,722
INVESTING ACTIVITIES		
Purchase of property & equipment	**(1,169,348)**	(170,200)
Proceeds from sale of investments	**20,749**	25,579
Net cash (used in) investing activities	**(1,148,599)**	(144,621)
FINANCING ACTIVITIES		
Payments for loan costs	**(26,978)**	(2,139)
Payments of note payable	**(55,058)**	(31,561)
Proceeds from note payable	**670,950**	-
Net cash provided by (used in) financing activities	**588,914**	(33,700)
Increase (decrease) in cash and cash equivalents	**(133,414)**	345,401
Cash and cash equivalents, beginning of year	**856,456**	511,055
Cash and cash equivalents, end of year	**$ 723,042**	$ 856,456
Supplemental disclosure of cash flow information:		
Cash payments for interest	**$ 6,810**	$ 3,564

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.

Promises to Give

Promises to give includes donations pledged and not funded for the purchase and renovation of the Organization's new shelter. The receivable is recorded as a promise to give when the donor makes a written pledge to the Organization. Short-term pledges have a term of less than one year. Long-term pledges have a term of from one to three years. Management evaluates the need for an allowance on an annual basis based upon an evaluation of its historical experience, the creditworthiness of its debtors, and industry averages. As a result of this evaluation, the Organization recorded an allowance of $34,000 as of December 31, 2015 and 2014.

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 $- and $634 at December 31, 2015 and 2014, respectively.

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.

Net Assets

The Organization presents its financial statements in accordance with the Financial Accounting Standards Board (FASB)'s *Financial Statements for Not-For-Profit Organizations*. Under this guidance, the Organization is required to report information regarding its financial position and activities according to three categories of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization had no permanently restricted net assets at December 31, 2015 and 2014.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 unrestricted 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 temporarily or permanently restricted support that increases those net asset classes. 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 unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. All contributions are available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in unrestricted net assets 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 the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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.

Use of Estimates

The Organization prepares its financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. PROMISES TO GIVE

Promises to give consisted of the following at December 31, 2015 and 2014:

	2015	2014
Current	**$ 71,307**	$ 104,139
Due in one to five years	**29,930**	71,517
	101,237	175,656
Less allowance for uncollectible pledges	**(34,000)**	(34,000)
Net pledges receivable	**$ 67,237**	$ 141,656

NOTE 4. PROPERTY & EQUIPMENT

Property & equipment consisted of the following at December 31, 2015 and 2014:

	2015	2014
Building	**$ 1,361,284**	$ -
Land	**231,996**	231,996
Leasehold improvements	**-**	61,250
Furniture & fixtures	**47,747**	21,288
Equipment	**15,230**	31,609
Construction in progress	**-**	221,440
Accumulated depreciation	**(44,432)**	(110,432)
Net property & equipment	**$ 1,611,825**	$ 457,151

Depreciation expense for the years ended December 31, 2015 and 2014 was $12,943 and $1,825, respectively.

NOTE 5. NOTE PAYABLE

During 2012, the Organization obtained a loan from a bank to finance the purchase of property to be used as the Organization’s future shelter. Bearing interest at 4.95%, the loan required 59 monthly payments of $2,927 with a final payment of the remaining balance on July 29, 2016. The loan was secured by a mortgage on the property acquired for future use. The loan was paid off during the year ended December 31, 2015.

In February 2015 the Organization obtained a $675,000 non-revolving line of credit to finance construction. The loan will convert to an amortizing term loan, and will be payable in monthly principal and interest installments in the amount of $4,444 commencing on December 20, 2015 and maturing on February 20, 2020. The loan requires simple interest on the principal outstanding balance at a rate of 4.85% per annum. The loan is collateralized by the premises constructed.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. NOTE PAYABLE (Continued)

As of December 31, 2015, the note's scheduled maturities are as follows:

Year ending December 31,		
2016	$	21,124
2017		22,172
2018		23,272
2019		24,426
2020		578,275
	$	669,269

NOTE 6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes at December 31:

		2015		2014
Capital campaign	**$**	**142,187**	$	576,987
Surgical unit		**150,000**		-
Adoption sponsorships		**2,313**		2,313
	$	**294,500**	$	579,300

Temporarily restricted net assets consist of the following at December 31:

		2015		2014
Cash	**$**	**227,263**	$	437,644
Promises to give		**67,237**		141,656
	$	**294,500**	$	579,300

NOTE 7. NET ASSETS RELEASED FROM RESTRICTIONS

For the years ended December 31, 2015 and 2014, temporarily restricted net assets were released from restrictions by incurring expenses satisfying the restricted purposes specified by donors as follows:

		2015		2014
Capital campaign	**$**	**710,407**	$	190,334

NOTE 8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 11, 2016, the date the financial statements were available to be issued.