

AGAPE
animal rescue & training center

Agape Animal Rescue

(a Tennessee Nonprofit Corporation)

Financial Statements

(Modified Cash Basis)

for the Years Ended December 31, 2022 and 2021

and Auditor's Report thereon



JAMES I. BARBER

CERTIFIED PUBLIC ACCOUNTANT

Post Office Box 1548
Franklin, Tennessee 37065-1548

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Agape Animal Rescue

Opinion

I have audited the accompanying financial statements of Agape Animal Rescue (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets—modified cash basis as of December 31, 2022 and 2021, and the related statement of support, revenue, and expenses—modified cash basis for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Agape Animal Rescue as of December 31, 2022 and 2021, and its support, revenue, and expenses for the years then ended in accordance with the cash basis of accounting as described in Note C.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Agape Animal Rescue and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of Accounting

I draw attention to Note C of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note C, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

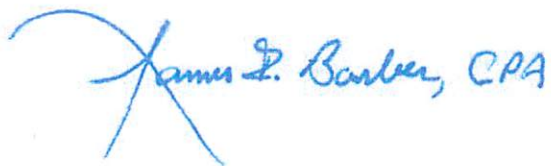
Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I:

- 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 Agape Animal Rescue'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Agape Animal Rescue's ability to continue as a going concern for a reasonable period of time.

I am 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.

A handwritten signature in blue ink that reads "James E. Barber, CPA". The signature is stylized with a large, sweeping 'X' shape at the beginning.

Franklin, Tennessee
April 13, 2023

Agape Animal Rescue
(A Tennessee Nonprofit Corporation)

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Agape Animal Rescue
Statements of Assets, Liabilities, and Net Assets - Modified Cash Basis
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 102,969	\$ 167,816
Total Current assets	<u>102,969</u>	<u>167,816</u>
Property, plant and equipment		
Fixed assets	15,231	19,343
Accumulated depreciation	(14,033)	(17,186)
Total Property, plant and equipment	<u>1,198</u>	<u>2,157</u>
Total Assets	<u><u>104,167</u></u>	<u><u>169,973</u></u>
<u>Liabilities and Net Assets</u>		
Long-term liabilities		
Total Liabilities	<u>-</u>	<u>-</u>
Net Assets		
Without Donor Restrictions		
Undesignated	<u>104,167</u>	<u>169,973</u>
Total Net Assets	<u>104,167</u>	<u>169,973</u>
Total Liabilities and Net Assets	<u><u>\$ 104,167</u></u>	<u><u>\$ 169,973</u></u>

See accompanying notes to the financial statements.

Agape Animal Rescue
Statement of Support, Revenue, and Expenses-Modified Cash Basis
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Support and Revenue</u>		
Contributions and program revenue	\$ 326,603	\$ 439,170
Contributions-in-kind	17,024	2,691
Interest and investment income	1,031	14
Special events, net	19,785	23,120
	<hr/>	<hr/>
Total Sales Revenue	364,443	464,995
	<hr/>	<hr/>
<u>Expenses</u>		
<u>Program Expenses</u>		
Salaries, employment taxes, and benefits	155,237	120,904
Animal food, medical services and other supplies and services	70,823	52,775
Office and other supplies and services	6,588	4,887
Communications	6,289	5,395
Occupancy and maintenance	5,268	4,383
Insurance	4,511	4,392
Travel and meetings	4,352	4,520
Staff training and development	1,572	1,031
Advertising and marketing	543	605
Depreciation and amortization	959	719
	<hr/>	<hr/>
Total Program Expense	256,142	199,611
	<hr/>	<hr/>
<u>Management and Administrative Expenses</u>		
Salaries, employment taxes, and benefits	106,445	71,908
Office and other supplies and services	7,978	4,784
Banking, credit card and payroll fees	7,908	6,630
Insurance	469	150
Travel and meetings	241	-
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Total Management and Administrative Expense	123,041	83,472
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<u>Fundraising Expenses</u>		
Salaries, employments taxes, and benefits	49,249	55,065
Office and other supplies and services	998	337
Communications	494	455
Insurance	327	-
	<hr/>	<hr/>
Total Fundraising Expenses	51,068	55,857
	<hr/>	<hr/>
Total Expenses	430,251	338,940
	<hr/>	<hr/>
Increase in Unrestricted Net Assets	(65,808)	126,055
Beginning Unrestricted Net Assets	169,973	43,918
	<hr/>	<hr/>
Ending Unrestricted Net Assets	\$ 104,165	\$ 169,973
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See accompanying notes to the financial statements.

Agape Animal Rescue
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

Note A – Organization

Agape Animal Rescue (the Organization) was incorporated on June 18, 2004, in accordance with the Tennessee Nonprofit Corporation Act. The Organization is organized and operated exclusively for exempt purposes set forth in section 501(c)(3) of the Internal Revenue Code in the Middle Tennessee area. The Organization's stated mission is to find homes for abandoned and displaced dogs through its signature foster and adoption program while cultivating better communities thorough dog training, owner education, and outreach programs.

Note B – Summary of Significant Accounting Policies

Financial Statement Presentation – The Organization presents its financial statements in accordance with standards of accounting and reporting prescribed for nonprofit organizations. Under these standards, the Organization is required to report information regarding its financial position and activities according to two classes of net assets presented as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions represent amounts available for various programs. At June 30, 2022 the Organization had no *Net Assets With Donor Restrictions*.

Contributions – The Organization accounts for contributions in accordance with standards of accounting and reporting prescribed for nonprofit organizations. Under these standards, contributions received are recorded as without donor restrictions or with donor restrictions, depending on the stipulations of the donor.

Cash and Cash Equivalents – For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of one year or less to be cash equivalents.

Inventory – The Organization purchases, and receives contributions of pet food and pet supplies. It then disburses those contributed items to those fostering animals. Accordingly, no inventory is maintained for said items.

Agape Animal Rescue
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

Note B –Summary of Significant Accounting Policies - continued

Property and Equipment – Management has adopted a policy to capitalize items over \$500. Property and equipment is recorded at cost if purchased or estimated fair value if contributed. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets without donor restrictions at that time. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives ranged from 3 to 15 years. Depreciation expense for the years ended December 31, 2022 and 2021 was \$959 and \$719 respectively.

Contributed Services – The Organization receives a significant amount of contributed time from volunteers that does not meet the recognition criteria for contributed professional services; accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

Income Taxes – The Organization is a not-for-profit organization that is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3) of the Internal Revenue Code and is classified by The Internal Revenue Service as other than a private foundation.

Estimates – The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Expenses – The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. While most costs have been directly assigned to a functional category, certain joint costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis based primarily on time and effort.

Advertising Expenses – Costs related to advertising are expensed as incurred. The Organization incurred advertising costs of \$1,310 and \$605 during the years ended December 31, 2022 and 2021, respectively.

Subsequent Events – The Organization evaluated subsequent events through April 13, 2023, when the financial statements were available to be issued.

Agape Animal Rescue
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

Note C – Basis of Accounting

The financial statements of the Organization have been prepared on the modified cash basis method, which is a comprehensive basis of accounting other than generally accepted accounting principles. Modifications to the cash basis of accounting include recording depreciation on equipment and recording grant receivables.

Note D – Liquidity and availability of resources

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use, if any, because of contractual or donor-imposed restrictions or net asset designation within one year of the balance sheet date.

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 102,969	\$ 167,816
Total financial assets	102,969	167,816
Less amounts not available to be used within one year:		
Donor restricted amounts and net assets subject to designation	-	-
Financial assets not available to be used within one year	-	-
Financial assets available to meet general expenditures within one year	<u>\$ 102,969</u>	<u>\$ 167,816</u>

Note E – Property and Equipment

Property and equipment consist of the following as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Property and equipment		
Furniture and equipment	\$ 2,876	\$ 4,696
Buildings	-	2,292
Vehicles	12,355	12,355
	15,231	19,343
Less accumulated depreciation	(14,033)	(17,186)
Net property and equipment	<u>\$ 1,198</u>	<u>\$ 2,157</u>

Agape Animal Rescue
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

Note F—Financial instruments and concentrations

Financial instruments which potentially subject the Organization to concentrations of credit risk are primarily cash, long-term investments, and receivables. The Organization's investments are subject to inherent market fluctuations. The Organization places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. Cash balances may at times exceed federally insured limits. For the years ended December 31, 2021 and 2020, there were no cash balances in excess of federally insured limits.

Note G—Paycheck Protection Program funding

In accordance with Section 1102 of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), the Organization applied for and received a Paycheck Protection Program loan on January 27, 2021 and totaling \$53,517. Section 1106 of the CARES Act provides for forgiveness of up to the full principal amount of qualifying loans including accrued interest to the extent the Organization incurs certain qualifying expenses and maintains a certain level of average full-time equivalent employees during the measurement period following closing of the loan. Any portion of the loan that is not forgiven has a term of two years with an interest rate of 1%. In accordance with the modified cash basis of accounting guidelines the Organization recognized grant revenue of \$53,517 at January 27, 2021. The Organization subsequently obtained forgiveness of the loans.