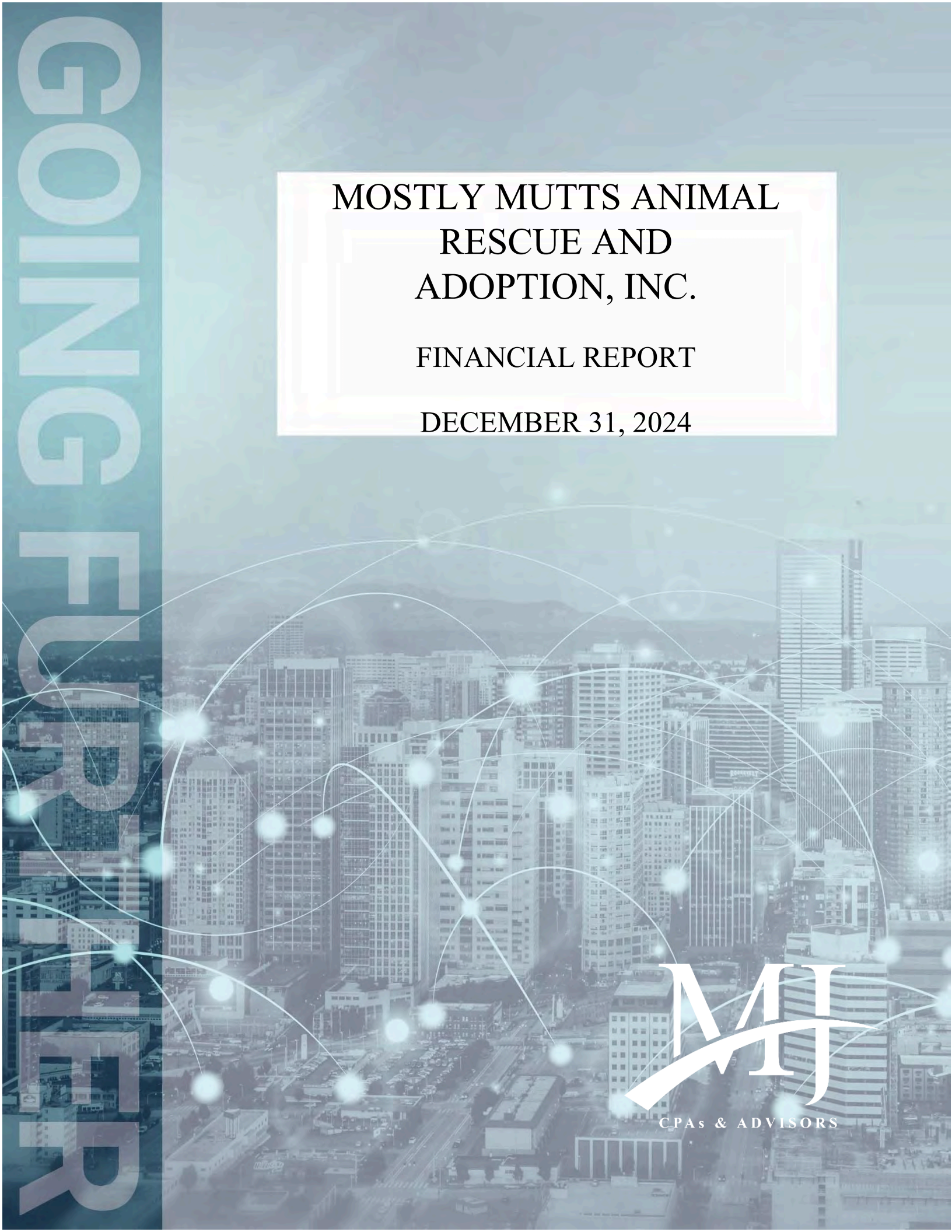
GOING FURTHER

MOSTLY MUTTS ANIMAL RESCUE AND ADOPTION, INC.

FINANCIAL REPORT

DECEMBER 31, 2024



MJ

CPAs & ADVISORS

MOSTLY MUTTS ANIMAL RESCUE AND ADOPTION, INC.

FINANCIAL REPORT

DECEMBER 31, 2024

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FINANCIAL REPORT
DECEMBER 31, 2024

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MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mostly Mutts Animal Rescue and Adoption, Inc.
Kennesaw, Georgia

Opinion

We have audited the accompanying financial statements of **Mostly Mutts Animal Rescue and Adoption, Inc.** (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024, and the related statement of activities, 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 Organization as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance 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 Mostly Mutts Animal Rescue and Adoption, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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.

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 Mostly Mutts Animal Rescue and Adoption, Inc.'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 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 Organization'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 Organization'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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
August 18, 2025

MOSTLY MUTTS ANIMAL RESCUE AND ADOPTION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	2,155,365
Inventories		10,950
Other assets		21,800
Investments		8,441
Total current assets		2,196,556
NONCURRENT ASSETS		
Property and equipment, net		978,318
Right-of-use asset		547,383
Total noncurrent assets		1,525,701
Total assets	$	3,722,257
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Notes payable	$	18,874
Accrued expenses		55,389
Current portion of operating lease liability		167,991
Total current liabilities		242,254
NONCURRENT LIABILITIES		
Notes payable, less current maturities		120,221
Operating lease liability, less current maturities		400,529
Total noncurrent liabilities		520,750
Total liabilities		763,004
NET ASSETS		
Without donor restrictions		2,728,723
With donor restrictions		230,530
Total net assets		2,959,253
Total liabilities and net assets	$	3,722,257

See Notes to Financial Statements.

MOSTLY MUTTS ANIMAL RESCUE AND ADOPTION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUES, GAINS, AND OTHER SUPPORT			
Grants and contributions	$ 400,225	$ 230,530	$ 630,755
Adoption revenue	165,350	-	165,350
Product sales	24,251	-	24,251
Special events income, net	68,875	-	68,875
Gain on sale of land	697,533	-	697,533
Other income	3,827	-	3,827
Interest income	23,676	-	23,676
Unrealized gains/losses	7,069	-	7,069
In-kind contributions	917,493	-	917,493
Total revenues, gains, and other support	2,308,299	230,530	2,538,829
EXPENSES			
Program services	1,176,499	-	1,176,499
Management and general	76,310	-	76,310
Fundraising	22,064	-	22,064
Total expenses	1,274,873	-	1,274,873
Change in net assets without donor restrictions	1,033,426	230,530	1,263,956
Net assets without donor restriction, beginning of year	1,695,297	-	1,695,297
Net assets without donor restriction, end of year	$ 2,728,723	$ 230,530	$ 2,959,253

See Notes to Financial Statements.

MOSTLY MUTTS ANIMAL RESCUE AND ADOPTION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

		Supporting Services		
	Program Services	Management and General	Fundraising	Totals
Advertising and marketing	$ 1,567	$ 381	$ 1,269	$ 3,217
Bank charges	40,993	858	723	42,574
Communication	2,947	1,330	159	4,436
Insurance	17,901	1,984	67	19,952
Interest	-	6,535	-	6,535
IT technology	18,626	5,884	1,788	26,298
Occupancy	225,188	-	-	225,188
Office expense	22,459	681	1,240	24,380
Other expenses	1,463	538	-	2,001
Payroll taxes	33,989	3,070	1,285	38,344
Professional fees	2,728	6,454	41	9,223
Repairs and maint. expense	4,812	376	-	5,188
Salaries and wages	443,739	40,323	15,438	499,500
Shelter supplies	39,534	-	-	39,534
Taxes and licenses	6,706	2,355	-	9,061
Travel and meetings	1,898	367	54	2,319
Utilities	51,136	4,662	-	55,798
Veterinary cost	229,353	-	-	229,353
Total expenses before depreciation	1,145,039	75,798	22,064	1,242,901
Depreciation	31,460	512	-	31,972
Total expenses	$ 1,176,499	$ 76,310	$ 22,064	$ 1,274,873

See Notes to Financial Statements.

MOSTLY MUTTS ANIMAL RESCUE AND ADOPTION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

OPERATING ACTIVITIES		
Change in net assets	$	1,263,956
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		31,972
Unrealized (gain) on investments		(7,069)
(Gain) on sale of land		(697,533)
(Increase) in:		
Inventories		(3,609)
Increase (decrease) in:		
Accrued liabilities		(11,768)
Operating lease liability, net		8,754
Net cash provided by operating activities		584,703
INVESTING ACTIVITIES		
Purchase of property and equipment		(614,759)
Proceeds from sale of land		710,000
Proceeds from sale of investments		202,229
Purchase of investments		(8,006)
Net cash provided by investing activities		289,464
FINANCING ACTIVITIES		
Payments on note payable		(21,952)
Net cash (used in) financing activities		(21,952)
Increase in cash and cash equivalents		852,215
Cash and cash equivalents, beginning of year		1,303,150
Cash and cash equivalents, end of year	$	2,155,365

See Notes to Financial Statements.

NOTE 1. ORGANIZATION AND NATURE OF ACTIVITIES

Mostly Mutts Animal Rescue and Adoption, Inc. (the "Organization") is a charitable, animal welfare organization founded in 2004. The Organization was organized as a Georgia nonprofit corporation in December 2004 under the laws of the state of Georgia. The mission of the Organization to provide housing, healthcare, training, and physical and emotional care until adopted by loving, responsible homes. Spay/neuter services are provided as a mandatory part of every adoption package.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). This basis of presentation involves the application of accrual accounting; consequently, revenues are recognized when earned and expenses are recognized when incurred.

Management Estimates

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America which require management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements, as well as the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For financial statement purposes, the Organization considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. The Organization maintains cash balances at financial institutions that may exceed the Federal Deposit Insurance Corporation insurance limit. The Corporation maintains its cash and cash equivalents with various major financial institutions and performs periodic evaluations of the relative credit standing of these financial institutions and limits the amount of credit exposure with any institution. The Organization believes it is not exposed to any significant credit risk on cash.

Accounts Receivable

When a donor has unconditionally promised to contribute funds in future periods, the Organization recognizes the fair value of the promise. Promises are recorded as a contribution and a receivable at net realizable value, which approximates fair value. There were no unconditional promises to give at December 31, 2024.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Donated food and clothing items are recognized as in-kind support at the time of donation. Donated clothing and other household items are recorded at the estimated fair market value using an industry standard valuation. Inventory purchased are recorded at cost.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets ranging from three to seven years for vehicles and equipment and thirty-nine years for buildings. The Organization follows the practice of capitalizing all expenditures for property, furniture, fixtures, equipment, and improvements in excess of $2,500.

Net Assets

Operating revenues are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor or grantor restrictions. Board-designated net assets are net assets without donor restrictions but are designated by the Board for quasi-endowment. As of December 31, 2024, there were no net assets with board designation.

Net Assets With Donor Restrictions – Net assets subject to donor- or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

NOTE 2. 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. The Organization reports gifts of cash or other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

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 the 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 time to the Organization's supporting services. No amounts have been reflected in the statement of activities because the criteria for recognition of such volunteer efforts have not been satisfied.

Fair Value Measurements

FASB's *Fair Value Measurements* and disclosure guidance provides a framework for measuring fair value under generally accepted accounting principles. This standard applies to all financial instruments that are being measured and reported on a fair value basis.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents - The carrying amount approximates fair value because of the short-term maturity of these instruments.

Investments - Investments are carried at fair value based on various valuation methodologies as described below under Levels 1, 2, and 3.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income, and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the assets or liabilities, including assumptions about risk or the risks inherent in the inputs to the valuation technique.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in Note 5 in one of the following three categories:

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.

For the year ended December 31, 2024, the application of valuation techniques applied to similar assets and liabilities has been consistent. The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers.

If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of these instruments.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the Organization's 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.

Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salary and related expenses, which are allocated on the basis of estimates of time and effort, office expenses, and occupancy expenses, which are allocated directly based on facility usage. All other expenses are directly allocated.

Income Taxes

The Organization has been recognized as exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and similar state statutes. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions on accounting for uncertainty in income taxes.

NOTE 3. LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amount not available for general use within one year of statement of financial position date because of contractual or donor-imposed restrictions or internal designations for the year ended December 31, 2024:

Cash and cash equivalents	$ 2,155,365
Investments	8,441
	2,163,806
Less donor restrictions on current financial assets	(230,530)
Financial assets available for general use	$ 1,933,276

The Organization maintains all cash balances in deposit accounts at major financial institutions. As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in equity securities to realize more return on excess funds.

NOTE 4. PROPERTY AND EQUIPMENT

As of December 31, 2024, property and equipment consisted of the following:

Land	$ 301,353
Building and building improvements	713,368
Furniture and equipment	66,864
Vehicles	20,209
	1,101,794
Less accumulated depreciation	(123,476)
Property and equipment, net	$ 978,318

Depreciation expense for the year ended December 31, 2024 was $31,972.

NOTE 5. INVESTMENTS

The following table sets forth by level, within the fair value hierarchy described in Note 2, the Organization's investments at fair value as of December 31, 2024:

	Level 1	Level 2	Level 3	Total
Equity Securities	$ 8,441	$ -	$ -	$ 8,441

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2024, net assets with donor restrictions were available for the following donor-restricted purposes:

Capital Campaign	$ 230,530

As of December 31, 2024, net assets with donor restrictions consist of the following:

Cash	$ 230,530

NOTE 7. NOTE PAYABLE NOTE

Notes payable consisted of the following at December 31, 2024:

Note payable in the amount of $275,000, monthly installments of $1,899, interest rate of 3.00 %, payable through September 2031.	$ 139,095
Less current portion	(18,874)
Total long-term debt	$ 120,221

NOTE 7. NOTE PAYABLE NOTE (Continued)

Scheduled long-term debt principal maturities are as follows for future years ending December 31:

Year Ending	
2025	$ 18,874
2026	19,449
2027	20,040
2028	20,650
2029-2031	60,082
	$ 139,095

Interest expense for the year ended December 31, 2024 was $6,535.

NOTE 8. LEASES

The Organization is currently obligated under a noncancelable operating lease for office space which expires in February 2028.

In 2024, the Organization adopted FASB Accounting Standards Update (ASU) No. 2016-02, ASC 842, *Leases*, which requires the recognition of a right-of-use asset and a lease liability based on the present value of the remaining lease payments. The Organization's incremental borrowing rate of 3.0% at the date of adoption was used as the discount rate in order to determine present value.

The following is a schedule by years of minimum future rentals on noncancelable operating leases and the amortization of the net present value (NPV) of the lease liability as of December 31, 2024:

For the year ending December 31:	Minimum annual lease payments	Amortization of operating lease liability	Amortization of right-of-use assets
2025	$ 182,304	$ 167,991	$ 171,994
2026	187,668	178,552	177,191
2027	193,248	189,654	182,713
2028	32,364	32,323	15,485
	$ 595,584	$ 568,520	$ 547,383

NOTE 8. LEASES (Continued)

Total rent expense for the years ended December 31, 2024 was $225,188.

The carrying value of the related right-of-use assets as of December 31, 2024 is:

Accumulated basis	$ 863,617
Less – accumulated amortization	(316,234)
	$ 547,383

NOTE 9. IN-KIND CONTRIBUTIONS

In-kind contributions were received as follows for the year ended December 31, 2024:

Furniture, household goods, and clothing	$ 917,493

In valuing contributed materials, the Organization estimated fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States. In valuing contributed services, the Organization estimated fair value based on current rates for similar services.

Contributed furniture, household goods, and clothing were used in program support.

NOTE 10. SUBSEQUENT EVENTS

Management has evaluated events through August 18, 2025, the date on which the financial statements were available to be issued.