

**Paws and Stripes**

**Financial Statements**

**For the Years Ended December 31, 2021 and 2020**



**PAWS AND STRIPES  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors and Management  
Paws and Stripes  
Albuquerque, New Mexico

### **Opinion**

We have audited the accompanying financial statements of Paws and Stripes (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Paws and Stripes as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 independent of Paws and Stripes, and have fulfilled 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.

### **Management's Responsibility 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 Paws and Stripes's ability to continue as a going concern within one year after the date that the financial statements are 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 auditors' 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:

- Use professional judgment and exercise 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 Paws and Stripes' 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 Paws and Stripes' ability to continue as a going concern within one year after the date that the financial statements are issued.

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 internal control related matters identified during our audit.

A handwritten signature in blue ink that reads "Cordova CPAs LLC". The signature is written in a cursive, flowing style.

Cordova CPAs LLC  
Albuquerque, New Mexico  
May 31, 2022

**PAWS AND STRIPES  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2021 AND 2020**

<b>Assets</b>	<u><b>2021</b></u>	<u><b>2020</b></u>
Current assets		
Cash	\$ 1,384,988	\$ 1,758,549
Investments	517,705	-
Contributions receivable	79,853	173,315
Inventory	9,990	13,830
Total current assets	<u>1,992,536</u>	<u>1,945,694</u>
Non-current and other assets		
Other assets	22,488	15,897
Property and equipment, net	<u>1,404,650</u>	<u>1,439,871</u>
Total assets	<u><u>\$ 3,419,674</u></u>	<u><u>\$ 3,401,462</u></u>
 <b>Liabilities and net assets</b>		
Current liabilities		
Accounts payable	\$ 29,616	\$ 1,894
Accrued liabilities	56,965	14,631
Paycheck protection loan - refundable advance	<u>-</u>	<u>126,700</u>
Total current liabilities	<u>86,581</u>	<u>143,225</u>
Net assets		
Without donor restrictions	<u>3,333,093</u>	<u>3,258,237</u>
Total net assets	<u>3,333,093</u>	<u>3,258,237</u>
Total liabilities and net assets	<u><u>\$ 3,419,674</u></u>	<u><u>\$ 3,401,462</u></u>

The accompanying notes are an integral part of these financial statements.

**PAWS AND STRIPES  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues and other support</b>			
Contributions			
Grants	\$ 232,475	\$ -	\$ 232,475
Donations	520,187	-	520,187
Fundraising	4,594	-	4,594
Merchandise sales	(5,396)	-	(5,396)
Investment income	55,192	-	55,192
Forgiven pandemic relief support	256,301	-	256,301
	<u>1,063,353</u>	<u>-</u>	<u>1,063,353</u>
<b>Expenses</b>			
Program services	745,145	-	745,145
Management and general	113,712	-	113,712
Fundraising	129,640	-	129,640
	<u>988,497</u>	<u>-</u>	<u>988,497</u>
Change in net assets	74,856	-	74,856
Net assets, beginning of the year	<u>3,258,237</u>	<u>-</u>	<u>3,258,237</u>
Net assets, end of the year	<u>\$ 3,333,093</u>	<u>\$ -</u>	<u>\$ 3,333,093</u>

The accompanying notes are an integral part of these financial statements.

**PAWS AND STRIPES  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues and other support</b>			
Contributions			
Grants	\$ 100,189	\$ 45,000	\$ 145,189
Donations	393,312	-	393,312
Fundraising	15,585	-	15,585
Merchandise sales	540	-	540
Interest income	5,672	-	5,672
Miscellaneous	1,347	-	1,347
Gain on disposal of fixed assets	12,000	-	12,000
Net assets released from restrictions	46,850	(46,850)	-
	<u>575,495</u>	<u>(1,850)</u>	<u>573,645</u>
<b>Expenses</b>			
Program services	627,476	-	627,476
Management and general	150,647	-	150,647
Fundraising	156,138	-	156,138
	<u>934,261</u>	<u>-</u>	<u>934,261</u>
Change in net assets	(358,766)	(1,850)	(360,616)
Net assets, beginning of the year	<u>3,617,003</u>	<u>1,850</u>	<u>3,618,853</u>
Net assets, end of the year	<u>\$ 3,258,237</u>	<u>\$ -</u>	<u>\$ 3,258,237</u>

The accompanying notes are an integral part of these financial statements.

**PAWS AND STRIPES  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

		<u>Support Services</u>		
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 443,365	\$ 50,818	\$ 69,408	\$ 563,591
Payroll taxes and benefits	63,218	7,878	8,922	80,018
Professional and consulting fees	30,837	41,372	32,505	104,714
Utilities	45,013	1,239	71	46,323
Software and IT expenses	28,491	3,342	1,834	33,667
Advertising and promotion	14,109	96	13,340	27,545
Conferences, meetings & travel	22,001	-	72	22,073
Insurance	19,098	1,764	340	21,202
Supplies and office expense	6,857	4,583	1,367	12,807
Building and property maintenance	10,784	909	218	11,911
Bank and merchant fees	5,826	555	352	6,733
Bad debt	6,500	-	-	6,500
Veteran support	5,395	490	381	6,266
K9 service and supplies	4,256	346	269	4,871
Postage	965	117	328	1,410
Meals and entertainment	1,087	46	165	1,298
Miscellaneous	760	74	-	834
Vehicle expenses	320	68	68	456
Dues and subscriptions	430	15	-	445
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses before depreciation and amortization	709,312	113,712	129,640	952,664
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and amortization	35,833	-	-	35,833
Total expenses	<u>\$ 745,145</u>	<u>\$ 113,712</u>	<u>\$ 129,640</u>	<u>\$ 988,497</u>

The accompanying notes are an integral part of these financial statements.



**PAWS AND STRIPES  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Support Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ 365,644	\$ 79,037	\$ 103,739	\$ 548,420
Payroll taxes and benefits	60,791	12,049	14,662	87,502
Professional and consulting fees	27,742	48,318	14,430	90,490
Utilities	23,260	1,623	1,131	26,014
Software and IT expenses	36,550	4,093	4,108	44,751
Advertising and promotion	8,711	-	10,961	19,672
Conferences, meetings & travel	5,614	53	1,602	7,269
Insurance	14,348	1,785	1,785	17,918
Supplies and office expense	11,811	2,385	2,051	16,247
Property maintenance & taxes	8,047	574	521	9,142
Bank and merchant fees	5,701	301	471	6,473
Veteran support	8,260	-	-	8,260
K9 service and supplies	5,328	-	-	5,328
Postage	601	27	349	977
Meals and entertainment	787	17	33	837
Miscellaneous	668	126	17	811
Vehicle expenses	1,928	259	278	2,465
Dues and subscriptions	1,378	-	-	1,378
	<u>587,169</u>	<u>150,647</u>	<u>156,138</u>	<u>893,954</u>
Total expenses before depreciation and amortization				
Depreciation and amortization	40,307	-	-	40,307
Total expenses	<u>\$ 627,476</u>	<u>\$ 150,647</u>	<u>\$ 156,138</u>	<u>\$ 934,261</u>

The accompanying notes are an integral part of these financial statements.

**PAWS AND STRIPES  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities</b>		
Cash from contributions	\$ 839,624	\$ 385,217
Cash from fundraising and other support	138,799	23,144
Cash paid to employees for services	(601,275)	(635,238)
Cash paid to vendors for goods and services	(278,195)	(280,973)
Net cash provided (used) by operating activities	<u>98,953</u>	<u>(507,850)</u>
<b>Cash flows from investing activities</b>		
Proceeds from the sale of vehicle	-	12,000
Investment income reinvested as cash	9,892	-
Purchase of investments	(472,406)	-
Net cash (used) provided by investing activities	<u>(462,514)</u>	<u>12,000</u>
<b>Cash flows from financing activities</b>		
Proceeds from refundable advance	-	126,700
Principal payments on nonforgivable loan	(10,000)	-
Net cash (used) provided by financing activities	<u>(10,000)</u>	<u>126,700</u>
Net (decrease) in cash	(373,561)	(369,150)
Cash, beginning of the year	<u>1,758,549</u>	<u>2,127,699</u>
Cash, end of year	<u><b>\$ 1,384,988</b></u>	<u><b>\$ 1,758,549</b></u>
Reconciliation of change in net assets to net cash (used) provided by operating activities:		
Change in net assets	\$ 74,856	\$ (360,616)
Depreciation and amortization expense	35,833	40,307
Bad debt expense	6,500	-
Gain on disposition of assets	-	(12,000)
Forgiven pandemic relief support	(116,700)	-
Investment income	(55,192)	-
Change in assets and liabilities		
Contributions and accounts receivable	86,962	(153,284)
Inventory and other assets	(3,362)	(5,598)
Accounts payable	27,722	(17,342)
Accrued liabilities	42,334	683
Net cash (used) provided by operating activities	<u><b>\$ 98,953</b></u>	<u><b>\$ (507,850)</b></u>

The accompanying notes are an integral part of these financial statements.

**PAWS AND STRIPES  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 1. Organization and Significant Accounting Policies**

Paws and Stripes (the “Organization”) is a nonprofit organization and was organized in 2010 to assist U.S. military veterans with post-traumatic stress disorder (PTSD) and traumatic brain injury (TBI) as well as local shelter dogs by providing integrative service dog training and mental health support to veterans and their families. The principal sources of revenues are contributions from private sources.

The more significant accounting policies and procedures of the Organization are more fully described below.

*Basis of Accounting.* The accompanying financial statements have been prepared on the accrual basis of accounting.

*Financial Statement Presentation.* The accompanying financial statements have been prepared so that the presentation of the financial statements will conform to the presentation requirements of FASB ASC 958, Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

*Cash.* The Organization considers all highly liquid investments with maturities of three months or less to be cash equivalents for the purposes of cash flows. The Organization has reclassified prior year amounts that meet this criterion on the statement of cash flows.

*Investments.* Investments in marketable securities are carried at fair value; investments in closely held businesses are carried at their estimated net realizable value. 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. Realized gains and losses are recorded on a specific identification method upon the sale of investment assets. The fair value of investments is subject to ongoing fluctuation. The amount ultimately realized upon disposition may differ from the amounts reported in these financial statements.

*Concentrations of Credit Risk.* The Organization maintains deposit and investment accounts with various financial institutions. Depository accounts with financial institutions are insured by the Federal Deposit Insurance Corporation. Balances in these accounts may, at times, exceed federally or commercially insured limits. The Organization has not experienced any losses on such accounts, and management believes it is not exposed to significant credit risk from these accounts.

*Receivables and Contributions.* Contributions received, including unconditional promises to give (pledges), are recognized at fair value as revenues in the period received. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**PAWS AND STRIPES  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 1. Organization and Significant Accounting Policies (continued)**

Receivables and Contributions. The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Pledges that are expected to be received within one year are recorded at their estimated net realizable value. Pledges that are expected to be received in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free discount rates applicable when the promises are received. Amortization of the discounts is included in contribution revenue however, as of December 31, 2021, all amounts are expected to be collected within one year. Management has not provided an allowance for doubtful unconditional promises, as it is management's estimate that all amounts are fully collectible. Management evaluates the value of pledges receivable on an annual basis to identify any circumstances where the Organization may receive less than what they have recorded. The Organization has recorded \$6,500 and \$0 in bad debt expenses related to accounts that management has deemed to be uncollectible as of December 31, 2021 and 2020, respectively.

Inventories. The Organization states inventory at cost. The method for determining cost is first in first out.

Property and Equipment. Acquisitions of property and equipment in excess of \$5,000 are capitalized. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair market value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contribution of cash that must be used to acquire property and equipment are reported as restricted contributions. Depreciation is computed on a straight-line basis over the useful lives of the assets which ranges from 5 to 39 years. Depreciation expense for the year ended December 31, 2021 and 2020 was \$35,221 and \$39,724.

Functional Expense Allocations. Directly identifiable expenses are charged to programs and supporting services. Expense related to more than one function are charged to programs and supporting services based on time and building square footage. Management and general expense include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Net Assets Classification Policies and Procedures. According to FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets. Under these provisions, net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization 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 restrictions.

**PAWS AND STRIPES  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 1. Organization and Significant Accounting Policies (continued)**

Net Assets With Donor Restrictions – Net assets subject to donor-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 such resources be maintained in perpetuity. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Income Taxes. The Organization is a not-for-profit corporation and has been recognized as tax-exempt pursuant to Sec. 501(c)(3) of the Internal Revenue Code. The Organization has adopted accounting principles generally accepted in the United States of America, as they relate to uncertain tax positions, and has evaluated its tax positions taken for open tax years. Currently, the 2018, 2019 and 2020 tax years are open and subject to examination. The Organization believes that all activities and transactions are within their tax-exempt purpose, and that there are no uncertain tax positions.

Estimates. Preparation of financial statements in conformity with generally accepted accounting principles requires estimating some of the amounts reported. Actual results could differ from the estimates. Significant estimates in the Organization’s financial statements include depreciation on property and equipment and the allocation of functional expenses.

Subsequent Events. Paws and Stripes has evaluated events subsequent to December 31, 2021 that would possibly require adjustment or disclosure in these financial statements, through May 31, 2022, the date that these statements were available to be issued.

Reclassifications. Certain reclassifications have been made to the 2020 financial statement presentation to conform to the 2021 presentation.

**PAWS AND STRIPES  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 2. Investments**

Paws and Stripes carries investments with readily determinable fair values. Fair values as of December 31, 2021 and 2020 are as follows:

Investments:	<u>2021</u>	<u>2020</u>
Equities	\$ 294,939	\$ -
Fixed income	190,065	-
Real Estate and Other	<u>32,701</u>	<u>-</u>
Total	<u>\$ 517,705</u>	<u>\$ -</u>

Investment income is comprised of the following:

	<u>2021</u>	<u>2020</u>
Dividends and interest	\$ 9,104	\$ -
Unrealized gains	33,556	-
Realized Gains	12,096	-
Interest (banks)	<u>436</u>	<u>5,672</u>
Total	<u>\$ 55,192</u>	<u>\$ 5,672</u>

**NOTE 3. Fair Value Measurements**

Fair Values Measured on Recurring Basis. In September 2006, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures. ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosure about fair value measurements. As of July 1, 2008, Paws and Stripes has adopted ASC 820. ASC 820 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 measurement) and the lowest to unobservable inputs in which little or no market data exists (Level 3 measurements). The three levels of the fair value hierarchy under ASC #820 are described below.

**Basis of Fair Value Measurement**

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable either directly or indirectly.

**PAWS AND STRIPES  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 3. Fair Value Measurements (continued)**

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following tables set forth, by level within the fair value hierarchy, Paws and Stripes’ assets, and liabilities at fair value, as of December 31, 2021. As required by ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The table below represents fair value measurement hierarchy of the assets at fair values as of December 31, 2021. Paws and Stripes did not have any investments in 2020:

	2021			
	Fair Value	Level 1	Level 2	Level 3
Equities	\$ 294,939	\$ 294,939	\$ -	\$ -
Fixed income	190,065	190,065	-	-
Real Estate and Other	32,701	32,701	-	-
Total	<u>\$ 517,705</u>	<u>\$ 517,705</u>	<u>\$ -</u>	<u>\$ -</u>

Following is a description of the valuation methodologies used for investments measured at fair value. There were no changes to these valuation methodologies in 2021.

Equities, fixed income and real estate/other: Assets held are valued using the closing price reported in the active market on which the individual securities or funds are traded. These have been classified within level 1 of the valuation hierarchy.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management 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 4. Unconditional Promises to Give and Contributions Receivable**

The Organization has outstanding promises to give and contributions receivable from various donors which are all expected to be collected and have no stipulations that the resources must be used after a specified date. The balance of the outstanding unconditional promises to give and other contributions received shortly after year end as of December 31, 2021 and 2020 is \$79,853 and \$173,315, respectively.

**PAWS AND STRIPES  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 5. Property and Equipment**

A summary of property and equipment and changes occurring during the year ended December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 337,849	\$ 337,849
Improvements	47,549	47,549
Furniture, fixtures, and equipment	34,050	34,050
Buildings	<u>1,170,474</u>	<u>1,170,474</u>
Total property and equipment	1,589,922	1,589,922
Less accumulated depreciation	<u>(185,272)</u>	<u>(150,051)</u>
Net property and equipment	<u>\$ 1,404,650</u>	<u>\$ 1,439,871</u>

**NOTE 6. Intangible Assets**

The Organization has incurred \$9,171 in expenses, net of accumulated amortization of \$3,259 and \$2,647, respectively, related to securing Paws and Stripes' trademark and franchise rights. The trademarks and franchise rights are being amortized over a period of fifteen years. Amortization expense was \$612 and \$611, respectively, for the years ended December 31, 2021 and 2020. In addition, there are prepaid and other assets totaling \$16,577 and \$9,373 as of December 31, 2021 and 2020, respectively.

**NOTE 7. Refundable Advances**

In May 2020, Paws and Stripes received a loan in the amount of \$116,700 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economy Security (CARES) Act. In addition, in February 2021 the organization received an additional amount of the Paycheck Protection Program totaling \$139,601.

During 2021, both of the loans above were 100% forgiven by the SBA and no conditions are outstanding and, therefore, was recognized as income during fiscal year ended December 31, 2021. The SBA may review funding eligibility and usage of funds in compliance with the program based on the dollar threshold and other factors for up to six years. The amount of liability, if any, from any potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact of the Organization's financial position.

In June 2020, Paws and Stripes was granted a loan totaling \$10,000, under the U.S. Small Business Administration (SBA) program. The loan was paid in full during 2021.



**PAWS AND STRIPES  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 8. Liquidity and Availability of Financial Assets**

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Donor-restricted amounts that are available for use within one year for general purposes include amounts received in prior years for the K-9 Veterinary program that were released during 2021.

	<u>2021</u>	<u>2020</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,902,693</u>	<u>\$ 1,758,549</u>

As part of the Organization's liquidity management, it retains cash in deposit accounts at financial institutions with a strong financial position and reputation.

**NOTE 9. Donated Services**

The fair value of donated services and property included in the financial statements and corresponding program expense for the year ended December 31, 2021 and 2020 are as follows:

	<u>2021</u>			
	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Supplies	\$ 14,221	\$ -	\$ -	\$ 14,221
Professional fees	2,926	-	-	2,926
Total	<u>\$ 17,147</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,147</u>
	<u>2020</u>			
	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Supplies	\$ 2,111	\$ -	\$ -	\$ 2,111
Professional fees	1,235	-	-	1,235
Total	<u>\$ 3,346</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,346</u>

**NOTE 10. Restrictions on Net Assets**

There were no net assets with restrictions as of December 31, 2021 and 2020.

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**NOTE 11. Concentrations**

The Organization received a significant percentage of its revenue and support from private donors and grantors. For the years ended December 31, 2021 and 2020, these streams of revenues were 70% and 94%, respectively, of the Organization's total operating revenue. In addition, 100% of the receivables as of December 31, 2021 and 2020 are from private donors or grantors.

**NOTE 12. Subsequent Accounting Pronouncements**

In November 2020, the Board issued Accounting Standards Update No. 2020-10, Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates. The amendments in Update 2020-10 deferred the effective dates for Leases for entities in the "all other" category by an additional year. Therefore, Leases was effective for all other entities for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.

In November 2021, the Board issued Accounting Standards Update No. 2021-10, Government Assistance (Topic 832). The amendments in this Update are effective for all entities within their scope for financial statements issued for annual periods beginning after December 15, 2021. Early application of the amendments is permitted.

As of the date of these financial statements, management has not determined the impact these new ASUs will have on future reporting periods.