Acord Cox & Scott, LLC
Certified Public Accountants

ALWAYS & FUREVER MIDWEST ANIMAL SANCTUARY, INC.

Financial Statements for the
Years Ended December 31, 2023 and 2022
and Independent Auditors' Report

ALWAYS & FUREVER MIDWEST ANIMAL SANCTUARY, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Always & Furever Midwest Animal Sanctuary, Inc.
Spring Hill, Kansas

Opinion

We have audited the accompanying financial statements of Always & Furever Midwest Animal Sanctuary, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years 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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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:

- 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.

Acord Cox + Scott, LLC

April 5, 2024

ALWAYS & FUREVER MIDWEST ANIMAL SANCTUARY, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 593,339	$ 615,183
Prepaid expense	7,147	12,095
Promises to give - current, net	118,993	220,144
Total current assets	719,479	847,422
FIXED ASSETS		
Building and improvements	156,554	135,307
Land and land improvements	1,087,359	851,293
Vehicle	5,500	15,900
	1,249,413	1,002,500
Less accumulated depreciation	(56,932)	(49,555)
	1,192,481	952,945
	$ 1,911,960	$ 1,800,367
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expense	$ 27,629	$ 80,270
Total liabilities	27,629	80,270
NET ASSETS		
Without donor restrictions	1,799,415	1,539,196
With donor restrictions	84,916	180,901
Total net assets	1,884,331	1,720,097
	$ 1,911,960	$ 1,800,367

ALWAYS & FUREVER MIDWEST ANIMAL SANCTUARY, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2023

	Without donor restrictions	With donor restrictions	Total
REVENUE AND SUPPORT			
Contributions	$ 2,055,728	$ 67,936	$ 2,123,664
In-kind contributions	40,857	-	40,857
Interest income	19,294	-	19,294
Special event, net	93,043	-	93,043
Other income	15,432	-	15,432
Net assets released from restriction	163,921	(163,921)	-
	2,388,275	(95,985)	2,292,290
EXPENSES			
Program services	1,804,285	-	1,804,285
Management and general	281,450	-	281,450
Fundraising	42,321	-	42,321
Total expenses	2,128,056	-	2,128,056
CHANGE IN NET ASSETS	260,219	(95,985)	164,234
NET ASSETS, BEGINNING OF YEAR	1,539,196	180,901	1,720,097
NET ASSETS, END OF YEAR	$ 1,799,415	$ 84,916	$ 1,884,331

See notes to financial statements.

ALWAYS & FUREVER MIDWEST ANIMAL SANCTUARY, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2022

	Without donor restrictions	With donor restrictions	Total
REVENUE AND SUPPORT			
Contributions	$ 1,892,927	$ 370,180	$ 2,263,107
In-kind contributions	45,250	-	45,250
Interest income	35	-	35
Special event, net	123,851	-	123,851
Other income	12,737	-	12,737
Net assets released from restriction	406,212	(406,212)	-
	2,481,012	(36,032)	2,444,980
EXPENSES			
Program services	1,731,353	-	1,731,353
Management and general	216,349	-	216,349
Fundraising	52,292	-	52,292
Total expenses	1,999,994	-	1,999,994
CHANGE IN NET ASSETS	481,018	(36,032)	444,986
NET ASSETS, BEGINNING OF YEAR	1,058,178	216,933	1,275,111
NET ASSETS, END OF YEAR	$ 1,539,196	$ 180,901	$ 1,720,097

ALWAYS & FUREVER MIDWEST ANIMAL SANCTUARY, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 164,234	$ 444,986
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	14,051	12,238
Loss on disposal of fixed assets	4,160	-
Changes in operating assets and liabilities:		
Prepaid expense	4,948	(9,285)
Promises to give	101,151	(99,943)
Accounts payable and accrued expense	(52,641)	52,547
Refundable advance	-	(10,000)
Net cash provided by operating activities	235,903	390,543
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(257,747)	(833,118)
Net cash used in investing activities	(257,747)	(833,118)
NET CHANGE IN CASH	(21,844)	(442,575)
CASH, BEGINNING OF YEAR	615,183	1,057,758
CASH, END OF YEAR	$ 593,339	$ 615,183

See notes to financial statements.

ALWAYS & FUREVER MIDWEST ANIMAL SANCTUARY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	$ 973,505	$ 156,139	$ 607	$ 1,130,251
Payroll taxes	84,531	10,306	49	94,886
Insurance	16,414	663	-	17,077
Veterinarian expenses	478,066	-	-	478,066
Animal care related expenses	62,318	-	-	62,318
Donations to other rescues	5,085	-	-	5,085
Transportation	131	-	-	131
Supplies	71,075	2,897	-	73,972
Postage	-	867	-	867
Professional services	-	31,991	-	31,991
Utilities	23,245	-	-	23,245
Repairs and maintenance	-	43,644	-	43,644
In-kind rent	30,000	-	-	30,000
Rent	52,221	-	-	52,221
Bank charges and processing fees	1,262	16,622	-	17,884
Marketing and fundraising	-	-	90,947	90,947
Miscellaneous expense	6,432	4,270	-	10,702
Depreciation	-	14,051	-	14,051
	1,804,285	281,450	91,603	2,177,338
Less expenses included with revenues on the statement of activities				
Special event expense	-	-	(49,282)	(49,282)
	$ 1,804,285	$ 281,450	$ 42,321	$ 2,128,056

ALWAYS & FUREVER MIDWEST ANIMAL SANCTUARY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	$ 899,419	$ 106,406	$ 651	$ 1,006,476
Payroll taxes	75,544	7,772	54	83,370
Insurance	14,157	503	-	14,660
Veterinarian expenses	453,604	-	-	453,604
Animal care related expenses	133,981	-	-	133,981
Donations to other rescues	4,588	-	-	4,588
Transportation	3,750	-	-	3,750
Supplies	23,592	5,109	-	28,701
Postage	-	584	-	584
Professional services	-	33,509	-	33,509
Utilities	22,154	-	-	22,154
Repairs and maintenance	518	29,070	-	29,588
In-kind rent	30,000	-	-	30,000
Rent	59,949	-	-	59,949
Bank charges and processing fees	-	14,317	-	14,317
Marketing and fundraising	-	-	89,185	89,185
Miscellaneous expense	10,097	6,841	-	16,938
Depreciation	-	12,238	-	12,238
	1,731,353	216,349	89,890	2,037,592
Less expenses included with revenues on the statement of activities				
Special event expense	-	-	(37,598)	(37,598)
	$ 1,731,353	$ 216,349	$ 52,292	$ 1,999,994

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization and Nature of Operations – Always & Furever Midwest Animal Sanctuary, Inc. (the "Organization") was organized in Kansas on February 23, 2017, as a 501(C)(3) nonprofit corporation for the purpose of caring for unwanted, abandoned, or surrendered dogs and cats and placing the pets in suitable homes or continuing to care for them while they live out their days at the Sanctuary. The Organization provides medical care and a wide range of services to fosters and adopters.

b. Basis of Accounting – The Organization prepares its financial statements on the accrual basis of accounting.

c. Cash and Cash Equivalents – The Organization considers highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

d. Property and Equipment – The Organization capitalizes all significant acquisitions of property and equipment, which are recorded at cost or fair value, if donated. Property and equipment are depreciated using the straight-line method over the estimated useful life of the assets.

   Expenditures for repairs and maintenance are charged to expense as incurred. Expenditures that materially extend the life of an asset are capitalized.

e. Contributions and Revenue Recognition – Contributions received, including unconditional promises to give, are recognized as revenue when the donor's commitment is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as donor support with restrictions, which increases those net asset classes. However, if a restriction is fulfilled in the time period in which the contribution is received, the Organization reports the support as without restriction. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the condition on which they depend have been met. Amounts collected before expenses are incurred are recorded as refundable advances.

f. Donated Services and In-Kind Contributions – Volunteers contribute significant amounts of time to program services, administration, and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. In-kind gifts the Organization received are recorded at the respective fair value of the gift (Note 4).

g. Income Taxes – The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income taxes has been made by the Organization in the accompanying financial statements. Uncertain tax provisions, if any, are recorded in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, Income Taxes, which require the recognition of a liability for tax positions taken that do not meet the more-likely-than-not standard that the position will be sustained upon examination by the taxing authorities. There is no liability for uncertain tax positions recorded at December 31, 2023 and 2022. Income tax filings are subject to examination by various taxing authorities. The Organization's open examination periods are 2020 and forward.

h. Advertising and Promotion Costs – Advertising and promotion costs are charged to operations when incurred.

i. Functional Allocation of Expenses – Expenses are charged to program services and supporting activities on the basis of directly identifiable costs. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

j. Use of Estimates – In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and 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.

k. Leases – The Organization calculates operating lease liabilities using its incremental borrowing rate on the commencement date. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized.

l. Net Assets – Net assets, revenues, gains, and losses 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 certain grantor) restrictions.

- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

m. Subsequent Events – Management has evaluated subsequent events through the date of the Independent Auditors' Report, the date which the financial statements were available for issue.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure without donor or other restrictions limiting their use, within one year of the statement of financial position date comprise of the following at December 31, 2023 and 2022:

		2023		2022
Cash and cash equivalents	$	593,339	$	615,183
Promises to give, net		118,993		220,144
Total financial assets		712,332		835,327
Donor imposed restrictions:				
Always & Furever Osawatomie Shelter		(9,244)		(135,570)
Long-term Resident Housing		(75,672)		(45,331)
Financial assets available to meet cash needs for general expenditures within one year	$	627,416	$	654,426

3. PROMISES TO GIVE

Promises to give are stated at the amount management expects to collect from balances outstanding at year end. Management provides for estimated uncollectible amounts through a charge to the statement of activities and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Management does not believe a valuation allowance is necessary for promises to give at December 31, 2023 and 2022. All promises to give are expected to be collected within twelve months from the date of the balance sheet and therefore are classified as current.

4. IN-KIND CONTRIBUTIONS

In-kind contributions consisted of the following for the years ended December 31, 2023 and 2022:

		2023		2022
Veterinary expenses	$	2,725	$	50
In-kind rent		30,000		34,500
Supplies		8,132		10,700
	$	40,857	$	45,250

5. RESTRICTED NET ASSETS

Net assets with donor restrictions are restricted for the following purposes or periods:

		2023		2022
Subject to expenditure for specified purposes:				
Always & Furever Osawatomie Shelter	$	9,244	$	135,570
Long-term Resident Housing		75,672		45,331
	$	84,916	$	180,901

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2023 and 2022:

	2023	2022
Always & Furever Osawatomie Shelter	$ 148,686	$ 30,387
Always & Furever Homestead	15,235	375,825
	$ 163,921	$ 406,212

6. RELATED PARTY TRANSACTIONS

The Organization's facilities are located on land owned by the Organization's Founder, who also serves as a board member. No amounts are paid to the board member for use of the land. The fair value of the use of the land for 2023 and 2022 was $30,000 and $30,000, respectively, which is recorded in both in-kind revenue and expense.

7. LEASES

The Organization leases land and shelter space on a monthly basis from unrelated entities. The Organization applies the short-term lease exemption of not recognizing a right-of-use asset and lease liability for leases that have terms of 12 months or less and therefore, has not recorded a right-of-use asset or lease liability for these leases. Rent expense from operating leases were approximately $42,540 and $59,949 during the years ended December 31, 2023 and 2022. Future minimum lease payments under these leases are expected to be $25,000 in 2024.

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