



FIDOS FOR FREEDOM

Financial Statements and

Independent Accountant's Review Report Thereon

For the Year Ended September 30, 2022

(With Comparative Statements for the Year Ended September 30, 2021)

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Report of Independent Accountant

The Board of Directors
Fidos for Freedom, Inc.
Laurel, MD

We have reviewed the accompanying financial statements of FIDOS FOR FREEDOM, INC. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

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 from the date the financial statements are issued.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of FIDOS FOR FREEDOM, INC. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of FIDOS FOR FREEDOM, INC, as of September 30, 2021, and for the year then ended were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their report dated December 23, 2021.

A handwritten signature in black ink that reads "Vivian P. Jenkins". The signature is written in a cursive style with a large initial 'V'.

Silver Spring, MD
January 19, 2023

FIDOS FOR FREEDOM, INC.

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2022 AND 2021

	2022 (Reviewed)	2021 (Audited)
Assets		
Cash and cash equivalents	\$ 475,016	\$ 599,304
Accounts receivable	75	66,394
Prepaid expenses and other current assets	25,922	24,228
<i>Total Current Assets</i>	<u>501,013</u>	<u>689,926</u>
Property and equipment, net	809,165	546,737
Intellectual property, net	<u>3,111</u>	<u>3,563</u>
Total Assets	<u><u>1,313,289</u></u>	<u><u>1,240,226</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	28,226	38,774
Accrued interest	18,906	5,156
Deferred revenue	21,390	25,831
<i>Total Current Liabilities</i>	<u>68,522</u>	<u>69,761</u>
Note payable	500,000	500,000
Tenant deposits	<u>4,804</u>	<u>3,791</u>
Total Liabilities	573,326	573,552
Net Assets		
With Donor Restrictions	38,212	28,586
Without Donor Restrictions	701,751	638,088
<i>Total Net Assets</i>	<u>739,963</u>	<u>666,674</u>
Total Liabilities and Net Assets	<u><u>\$1,313,289</u></u>	<u><u>\$1,240,226</u></u>

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

FIDOS FOR FREEDOM, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2022 (WITH COMPARATIVE TOTALS FOR 30, 2021)

	2022 (Reviewed)			2021 (Audited) Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and Revenue				
Rental Income	\$ 89,151	\$ -	\$ 89,151	\$ 83,658
Program service fees	3,939	-	3,939	5,877
Government grants	119,000	31,761	150,761	81,835
Private grants and contributions	138,435	4,268	142,703	201,665
In-kind contributions	16,600	-	16,600	18,600
Other income	2,345	-	2,345	4,333
Investment Income	3,478	-	3,478	2,208
	<u>372,948</u>	<u>36,029</u>	<u>408,977</u>	<u>398,176</u>
Gross special events revenue	118,256	-	118,256	46,082
Less cost of direct benefits to donors	(61,792)	-	(61,792)	-
Net special events revenue	56,464	-	56,464	46,082
Net assets released from restriction	26,403	(26,403)	-	-
Total Support and Revenue	<u>455,815</u>	<u>9,626</u>	<u>465,441</u>	<u>444,258</u>
Expenses				
Program Services	221,330	-	221,330	183,045
Building	74,989	-	74,989	63,121
Management and General	50,142	-	50,142	33,987
Fundraising	45,691	-	45,691	48,548
Total Expense	<u>392,152</u>	<u>-</u>	<u>392,152</u>	<u>328,701</u>
Change in Net Assets	63,663	9,626	73,289	115,557
Net Assets, Beginning of Year	<u>638,088</u>	<u>28,586</u>	<u>666,674</u>	<u>551,117</u>
Net Assets, End of Year	<u>\$ 701,751</u>	<u>\$ 38,212</u>	<u>\$ 739,963</u>	<u>\$ 666,674</u>

FIDOS FOR FREEDOM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022 (REVIEWED)

	Program Services				Building	Management and General	Fundraising	Cost of Direct Benefits to Donors	
	Community Education	Service Dogs	Therapy Dogs	Total				Total	
Wages and Salaries	\$ 11,524	\$ 24,295	\$ 3,635	\$ 39,454	\$ 21,135	\$ 12,545	\$ 34,940	\$ -	\$ 108,074
Payroll Taxes	861	1,893	344	3,098	1,807	947	2,754	-	8,606
Licenses, Permits, Fees	-	-	-	-	613	-	636	-	1,250
Membership and Subscriptions	741	1,227	682	2,650	-	2,351	3,400	-	8,401
Seminars and Staff Development	177	-	-	177	-	10	-	-	187
Office Expense	21	82	93	196	36	2,701	29	-	2,963
Insurance Expense	957	957	957	2,871	1,422	1,621	-	-	5,914
Professional Fees	-	-	-	-	-	21,020	-	-	21,020
Direct Deposit Expenses	13	30	5	49	28	15	43	-	135
Interest/Service Charges	2,369	2,365	2,365	7,099	5,922	915	1,135	-	15,070
Depreciation and Amortization	5,747	5,910	5,910	17,567	13,965	2,090	-	-	33,622
Facility Expenses	11,198	14,363	11,198	36,759	30,037	5,902	-	-	72,699
Client Services	-	847	-	847	-	-	-	-	847
Training Expenses	-	22,381	-	22,381	-	-	-	-	22,381
Food and Supplies	-	17,071	-	17,071	-	-	-	-	17,071
Veterinary Expenses	-	48,050	-	48,050	-	-	-	-	48,050
Miscellaneous Program Expenses	15,057	2,565	3,049	20,671	22	-	146	-	20,839
Prizes	-	-	-	-	-	-	-	26,773	26,773
Rent and Facilities Costs	-	-	-	-	-	-	-	19,231	19,231
Food and Beverages	-	-	-	-	-	-	-	4,096	4,096
Entertainment	-	-	-	-	-	-	-	8,000	8,000
Other Expenses	691	-	1,699	2,390	-	-	2,608	3,692	8,690
Loss on Disposal of Assets	-	-	-	-	-	26	-	-	26
Total expenses by function	49,356	142,036	29,938	221,330	74,989	50,142	45,691	61,792	453,944
Less expenses included with revenues on the statement of activities									
Cost of direct benefits to donors	-	-	-	-	-	-	-	(61,792)	(61,792)
Total expenses included in expense section on the statement of activities	\$ 49,356	\$ 142,036	\$ 29,938	\$ 221,330	\$ 74,989	\$ 50,142	\$ 45,691	\$ -	\$ 392,152

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

FIDOS FOR FREEDOM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021 (AUDITED)

	Program Services				Building	Management and General	Fundraising	Total
	Community Education	Service Dogs	Therapy Dogs	Total				
Administrative	\$ 583	\$ 1,305	\$ 768	\$ 2,656	\$ 48	\$ 1,745	\$ 3,800	\$ 8,249
Client services	36	1,293	-	1,329	-	-	-	1,329
Community education	3,948	-	-	3,948	-	-	74	4,022
Depreciation and amortization	5,531	5,377	5,377	16,283	12,916	1,933	-	31,132
Golf tournament	-	-	-	-	-	-	14,619	14,619
Insurance	934	934	934	2,802	1,797	1,668	-	6,267
Interest	710	709	710	2,129	1,736	260	-	4,125
Maintenance and repairs	4,520	4,521	4,520	13,561	13,281	2,624	-	29,466
Office expenses	82	91	2	175	52	1,510	240	1,977
Payroll taxes	677	1,848	277	2,802	1,420	803	2,200	7,225
Professional fees	-	-	-	-	-	11,000	-	11,000
Real estate taxes	1,808	1,809	1,808	5,425	4,426	662	-	10,513
Salaries	8,162	22,275	3,345	33,782	17,126	9,678	26,525	87,111
Security	116	116	116	348	284	42	-	674
Telephone	935	935	935	2,805	-	343	-	3,148
Therapy dogs	-	-	1,227	1,227	-	-	-	1,227
Training services	287	79,703	-	79,990	-	-	-	79,990
Utilities	3,686	3,685	3,686	11,057	10,035	1,719	-	22,811
Volunteer banquet	-	1,022	1,000	2,022	-	-	-	2,022
Virtual fundraisers	416	288	-	704	-	-	1,090	1,794
Total expenses by function	\$ 32,431	\$ 125,911	\$ 24,705	\$ 183,045	\$ 63,121	\$ 33,987	\$ 48,548	\$ 328,701

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

FIDOS FOR FREEDOM, INC.
STATEMENTS OF CASH FLOW
YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022 (Reviewed)	20221 (Audited)
<i>Cash flow from operating activities:</i>		
Contributions and grants received	\$ 371,248	\$ 221,093
Program service payments received	3,881	5,877
Receipts from special events	120,561	46,082
Rents received	90,934	107,794
Interest received	3,478	1,626
Other receipts	1,392	4,333
Payments to employees and taxing authorities	(111,179)	(94,336)
Payments to vendors	(309,006)	(171,702)
<i>Net cash provided by operating activities</i>	<u>171,309</u>	<u>120,767</u>
<i>Cash flow from investing activities:</i>		
Proceeds from sales of investments	-	582
Purchases of property and equipment	(295,597)	(69,010)
<i>Net cash used by investing activities</i>	<u>(295,597)</u>	<u>(68,428)</u>
<i>Cash flow from financing activities:</i>		
Net borrowings	-	350,000
<i>Net cash provided by financing activities</i>	<u>-</u>	<u>350,000</u>
Net increase (decrease) in cash	(124,288)	402,339
Cash at the beginning of the year	<u>599,304</u>	<u>196,965</u>
Cash at the end of the year	<u>\$ 475,016</u>	<u>\$ 599,304</u>

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

FIDOS FOR FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 (REVIEWED) AND 2021 (AUDITED)

NOTE 1 - NATURE OF ORGANIZATION

Fidos For Freedom, Inc. (the Organization) (formerly known as Helping Paws, Inc. and Phydeaux For Freedom, Inc.) was incorporated under the laws of the State of Maryland in June 1987, and is organized under Section 501(c)(3) of the Internal Revenue Code as a non-profit, tax exempt organization. The Organization is committed to providing quality trained assistances dogs for mobility challenged individuals, people who are deaf or hard of hearing, and veterans with combat related PTSD. In addition, the Organization provides visits with therapy dogs to patients residing in healthcare facilities, to students in libraries and schools, and for stress relief visits to other workplace facilities, who reap the companionship benefits both physically and emotionally. The Organization also educates the community in the use of quality trained dogs through disability awareness presentations and demonstrations. In addition, the Organization provides a Junior Volunteer Program for youth, enabling hands-on experience with training of dogs and working with physically challenged individuals while earning community service hours.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Method of accounting

The financial statements are prepared on the accrual basis of accounting.

Financial statement presentation

The Organization follows the Not-For-Profit Entities Presentation of Financial Statements Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), which requires it to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions based on the existence or absence of donor-imposed restrictions. Amounts contributed that are designated for future periods or donor restricted for specific purpose are reported as with donor restrictions.

Use of estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Cash and cash equivalents

For purposes of the statements of cash flows, the Organization considers all short-term debt securities purchased with an initial maturity of three months or less to be cash equivalents.

FIDOS FOR FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 (REVIEWED) AND 2021 (AUDITED)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Contributions and grants received are recorded as without donor restrictions or with donor restrictions, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. All other donor restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a 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 restriction. Restricted contributions whose restrictions are met in the same reporting period are recorded as contributions without donor restrictions.

Other contributions, primarily from program and special events, are recognized as revenue at a point in time when received, as the actual benefits received by the contributions are minimal. Therefore, any portion of sponsor contributions that results from *quid pro quo* activities is not shown separately as an exchange component of the contribution.

Rent revenue is recognized over time per the terms of the lease agreements. For tenants paying month-to-month, rent is recognized as revenue at the point of time the rent is received. Rent received prior to the transfer of the right to use the Organization's building is reflected as unearned revenue.

Accounts receivable

Accounts receivable consist of amounts primarily due from tenants. A receivable is considered past due if payments have not been received within the agreed upon invoice terms. The Organization utilizes the allowance method of accounting for doubtful accounts. The allowance is based on experience, third-party contracts and other circumstances, which may affect the ability of payors to meet their obligations. It is the Organization's policy to charge off uncollectible accounts when management determines the receivable will not be collected. Management has reviewed all receivables and has determined to set allowance for doubtful accounts of \$0 for the years ended September 30, 2022 and 2021.

Property and equipment

Property and equipment acquisitions are recorded at cost, if purchased, or at fair market value when donated. Depreciation is computed on the straight-line method over the estimated useful lives of the depreciable assets. Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss is included in the change in net assets. Expenditures for property and equipment in excess of \$2,500 are capitalized. Repairs and maintenance charges that do not increase the useful lives of the assets are charged to expense as incurred.

FIDOS FOR FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 (REVIEWED) AND 2021 (AUDITED)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

The Organization is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified by the Internal Revenue Service as other than a private foundation. Rents received from debt financed property are subject to tax under Section 511, if applicable. The Organization did not have any material unrelated business income tax liability for the years ended September 30, 2022 and 2021. Accordingly, no provision for income taxes is made on these financial statements.

The Organization has adopted FASB ASC 740-10-25, Accounting for Uncertainty in Income Taxes. The Organization will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority. The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

The Organization's evaluation on September 30, 2022 revealed no uncertain tax positions that would have a material impact on the financial statements, and management does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

Donated assets

Donations of marketable securities and other noncash donations are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets 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 new assets 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 as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donations of dogs are recorded as contributions without donor restrictions at their estimated fair value (Note 12).

Donated services

The Organization receives in-kind support in the form of services. This support is recorded if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations. Donated services received that meet the aforementioned criteria was \$0 during the years ended September 30, 2022 and 2021.

The Organization receives substantial and valuable donations of services by volunteers who assist in the training of Assistance Dogs and Therapy Dogs. These services do not meet the criteria for accounting recognition as contributed services.

FIDOS FOR FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 (REVIEWED) AND 2021 (AUDITED)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional expense allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

Directly identifiable expenses are charged to service programs. Expenses related to more than one function are charged to service programs on the basis of periodic time and square footage studies. Management and general expenses include those expenses that are not directly identifiable with any specific program function but provide the overall support and direction of the Organization. Management and general expenses are charged to service programs on the basis of periodic time and square footage studies.

NOTE 3 - FAIR VALUE MEASUREMENTS

The Organization has adopted FASB ASC 820-10 in order to establish a single definition of fair value and a framework for measuring fair value in generally accepted accounting principles (GAAP) that is intended to result in increased consistency and comparability in fair value measurements and disclosures. FASB ASC 820-10 also expands disclosures about fair value measurements and applies whenever other authoritative literature requires (or permits) certain assets or liabilities to be measured at fair value, but does not expand the use of fair value.

Under FASB ASC 820-10, items carried at fair value on a recurring basis consist of derivative financial instruments. Items carried at fair value on a non-recurring basis generally consist of assets held for sale. The Organization also uses fair value concepts to test various long-lived assets for impairment.

FASB ASC 820-10 requires that fair value be determined by providing a fair value hierarchy consisting of three levels, generally ranging from the most objective determination of fair value to the most subjective. The levels vary depending on the objectivity of the information used in valuation techniques to determine fair value. GAAP refers to the levels as categories of input into those techniques. The three general valuation levels that may be used to measure fair value are as described below:

1. Level 1 inputs are quoted prices in active markets for identical assets or liabilities;
2. Level 2 inputs generally are available indirect information, such as quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active. Additional level 2 inputs may be other than quoted prices that are observable for the asset or liability or inputs derived principally from or corroborated by observable market data by correlation or other means; and

FIDOS FOR FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 (REVIEWED) AND 2021 (AUDITED)

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

3. Level 3 inputs are the most subjective; are generally based on the Organization's own assumptions on how knowledgeable parties would price assets or liabilities, and are developed using the best information available in the circumstances.

The carrying values of cash; operating assets and liabilities, such as accounts receivable and accounts payable; and accrued expenses approximates fair value due to the relative short maturity of these instruments. The amounts shown for notes payable approximate fair value since the interest rates are at current market rates.

NOTE 4 - CASH

The Organization considers all monies available for current use in checking, savings, money market, petty cash and undeposited funds to be cash. Cash consists of the following at September 30, 2022 and 2021:

	2022 (Reviewed)	2021 (Audited)
Operating accounts	\$ 309,565	\$ 445,789
Money market and savings	165,262	153,315
Petty cash	189	200
Total Cash	<u>\$ 475,016</u>	<u>\$ 599,304</u>

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at September 30, 2022 and 2021:

	2022 (Reviewed)	2021 (Audited)
Tenant rents	\$ 75	\$ 175
Grants	-	16,000
Employee retention credit	-	50,219
Accounts receivable - net	<u>\$ 75</u>	<u>\$ 66,394</u>

FIDOS FOR FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 (REVIEWED) AND 2021 (AUDITED)

NOTE 6 - PROPERTY AND EQUIPMENT - NET

Property and equipment consist of the following at September 30, 2022 and 2021:

	2022 (Reviewed)	2021 (Audited)
Land	\$ 230,090	\$ 230,090
Building	259,464	259,464
Building improvements	827,756	532,159
Furniture and equipment	27,093	27,093
	<u>1,344,403</u>	<u>1,048,806</u>
Less: Accumulated depreciation	<u>(535,238)</u>	<u>(502,068)</u>
Property and equipment - net	<u>\$ 809,165</u>	<u>\$ 546,738</u>

Depreciation is included in facilities expenses in the statement of functional expenses. Depreciation expense was \$33,170 and \$30,679 for the years ended September 30, 2022 and 2021, respectively.

NOTE 7 - INTANGIBLES – NET

Intangible assets consist of the following at September 30, 2022 and 2021:

	2022 (Reviewed)	2021 (Audited)
Logo trademarks	\$ 4,511	\$ 4,468
Less: Accumulated amortization	<u>(1,400)</u>	<u>(905)</u>
Other assets - intangible - net	<u>\$ 3,111</u>	<u>\$ 3,563</u>

Amortization expense was \$452 and \$453 for the years ended September 30, 2022 and 2021, respectively. Over the next five years, amortization is expected to be \$495 for each year.

NOTE 8 - NOTE PAYABLE

On June 3, 2020, the Organization obtained a \$150,000 secured note from the U.S. Small Business Administration. On September 3, 2021, the Organization modified the loan amount to \$500,000. This Economic Injury Disaster Loan was obtained under the provisions of the CARES Act, enacted on March 27, 2020, to provide economic relief to businesses that are currently experiencing a temporary loss of revenue due to COVID-19.

FIDOS FOR FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 (REVIEWED) AND 2021 (AUDITED)

NOTE 8 - NOTE PAYABLE (CONTINUED)

At a fixed rate of 2.75% per annum, interest is being accrued starting the date of the promissory note and only on the principal balance. Under the terms of the modified loan agreement, monthly installments of \$2,203 are being deferred for a thirty-month period beginning the date of the promissory note. The beginning of repayment of the note was postponed twice by SBA, and is now expected to commence in December, 2022. Upon expiration of the deferment period, each payment will be applied first to interest accrued to the date of receipt of each payment, and the balance, if any, will be applied to principal. The note is payable thirty years from the date of the promissory note, maturing in June, 2050. The note is secured by all tangible and intangible assets owned by the Organization.

The balance of the loan at September 30, 2022 and 2021 was \$500,000.

Aggregate annual maturities of the SBA note payable are as follows:

Year ending September 30,

2023	\$	-
2024		2,062
2025		12,903
2026		13,262
2027		13,632
Thereafter		<u>458,141</u>
		<u>\$ 500,000</u>

NOTE 9 - NET ASSETS

Net assets with donor restrictions were available for the following purposes at September 30, 2022 and 2021:

	<u>2022</u> <u>(Reviewed)</u>	<u>2021</u> <u>(Audited)</u>
Dog sponsorships	\$ 5,921	\$ 3,517
PG County Council District 1 Grant	530	2,694
Lowe's Grant	-	22,375
City of Laurel Grants	<u>31,761</u>	<u>-</u>
Total	<u>\$ 38,212</u>	<u>\$ 28,586</u>

FIDOS FOR FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 (REVIEWED) AND 2021 (AUDITED)

NOTE 10 - LESSOR LEASES

The Organization leases office space to tenants under noncancelable operating leases with terms of one to ten years. The amount of office space available for lease consists of approximately 42% of the building and improvements mentioned in Note 6. The Organization is responsible for all taxes, maintenance costs, insurance premiums, and, with the exception of their two largest tenants, utilities.

At September 30, 2022, five of the eleven leases are on 1- to 10-year leases. The following is a schedule of future minimum rentals under the long-term leases at September 30, 2022:

Year ending September 30,

2023	\$	45,573
2024		42,498
2025		38,770
2026		28,014
2027		28,296
Thereafter		<u>28,578</u>
	\$	<u>211,729</u>

NOTE 11 - CREDIT RISK AND CONCENTRATIONS

At times during the year, the Organization maintains cash balances at financial institutions which exceed the Federal Deposit Insurance Corporation (FDIC) insurance limits. Management believes the risk in these situations to be minimal.

The Organization owns a building, which houses its office and operations. The Organization leases space from this building to tenants. Nearly 75% and 79% of its rent revenue and 12% and 15% of its total revenue and support for the years ended September 30, 2022 and 2021, respectively, are derived from the rent and utility reimbursement of two tenants. One of these two tenants is on a month-to-month lease.

During 2022, the Organization received two one-time restricted grants to renovate the building's facades and interior. Nearly 51% of its contribution revenue and 28% of its total revenue and support for the year ended September 30, 2022, are derived from the two grants.

FIDOS FOR FREEDOM, INC.
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NOTE 12 - IN-KIND CONTRIBUTIONS

For the years ended September 30, 2022 and 2021, contributed nonfinancial assets recognized in the statements of activities included \$16,600 and \$18,600, respectively, for the estimated value of dogs donated. Donated dogs are used in program services.

All gifts-in-kind received during the years ended September 30, 2022 and 2021, were unrestricted.

NOTE 13 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available to meet cash needs for general expenditures within one year of September 30 are as follows:

	<u>2022</u> <u>(Reviewed)</u>	<u>2021</u> <u>(Audited)</u>
Cash and cash equivalents	\$ 475,016	\$ 599,305
Accounts receivable, net	<u>75</u>	<u>66,394</u>
Total financial assets	475,091	665,699
Less: Donor imposed restrictions	<u>(38,212)</u>	<u>(28,586)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 436,879</u>	<u>\$ 637,113</u>

The Organization is partially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year.

As a part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 14 - SUBSEQUENT EVENTS

In connection with the preparation of the financial statements and in accordance with ASC Topic 855, Subsequent Events, we evaluated subsequent events through January 19, 2023, which was the date the financial statements were available to be issued and determined there were no other items to be disclosed.