

FIDOS FOR FREEDOM, INC.

AUDITED FINANCIAL STATEMENTS

As of and for the Years Ended September 30, 2024 and 2023



FIDOS FOR FREEDOM

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-2
Financials Statements	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-17



INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Fidos For Freedom, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Fidos For Freedom, Inc. as of September 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with the 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 (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 required to be independent of Fidos For Freedom, Inc., and to meet 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.

Prior Period Financial Statements

The financial statements of Fidos For Freedom, Inc., as of and for the year ended September 30, 2023, were audited by other auditors, whose report dated January 24, 2024, expressed an unmodified opinion on those statements.

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 Fidos For Freedom, 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 GAAS 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.
- 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 Fidos For Freedom, Inc.'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.

UHY LLP

Columbia, Maryland
January 14, 2025

FIDOS FOR FREEDOM, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 265,988	\$ 381,739
Accounts receivable, net	7,903	8,449
Prepaid expenses and other current assets	21,717	16,557
Total Current Assets	<u>295,608</u>	<u>406,745</u>
Property and equipment, net	823,124	829,943
Intellectual property, net	2,206	2,658
Total Assets	<u>\$ 1,120,938</u>	<u>\$ 1,239,346</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 20,264	\$ 16,975
Deferred revenue	3,782	13,955
Note payable, current	12,342	12,008
Total Current Liabilities	<u>36,388</u>	<u>42,938</u>
Note payable, net of current portion	464,941	478,390
Tenant deposits	6,487	5,793
Total Long-Term Liabilities	<u>471,428</u>	<u>484,183</u>
Total Liabilities	<u>507,816</u>	<u>527,121</u>
 NET ASSETS		
With donor restrictions	5,211	22,941
Without donor restrictions	607,911	689,284
Total Net Assets	<u>613,122</u>	<u>712,225</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,120,938</u>	<u>\$ 1,239,346</u>

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

FIDOS FOR FREEDOM, INC.
STATEMENTS OF ACTIVITIES
For The Year Ended September 30, 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Rental income	\$ 98,113	\$ -	\$ 98,113
Program service fees	6,614	-	6,614
Private grants and contributions	100,091	15,520	115,611
In-kind contributions	16,500	-	16,500
Other income	6,939	-	6,939
Investment income, net	18,605	-	18,605
	<u>246,862</u>	<u>15,520</u>	<u>262,382</u>
Gross special events revenue	110,098	-	110,098
Less: cost of direct benefits to donors	<u>(41,521)</u>	<u>-</u>	<u>(41,521)</u>
Net special events revenue	<u>68,577</u>	<u>-</u>	<u>68,577</u>
Net assets released from restriction	<u>33,250</u>	<u>(33,250)</u>	<u>-</u>
Total Revenue and Support	<u>348,689</u>	<u>(17,730)</u>	<u>330,959</u>
Expenses			
Program services	234,916	-	234,916
Building	88,527	-	88,527
Management and general	42,812	-	42,812
Fundraising	63,807	-	63,807
Total Expenses	<u>430,062</u>	<u>-</u>	<u>430,062</u>
CHANGE IN NET ASSETS	(81,373)	(17,730)	(99,103)
Net Assets, Beginning of Year	<u>689,284</u>	<u>22,941</u>	<u>712,225</u>
Net Assets, End of Year	<u>\$ 607,911</u>	<u>\$ 5,211</u>	<u>\$ 613,122</u>

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

FIDOS FOR FREEDOM, INC.
STATEMENTS OF ACTIVITIES
For The Year Ended September 30, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Rental income	\$ 99,632	\$ -	\$ 99,632
Program service fees	9,295	-	9,295
Government grants	3,500	-	3,500
Private grants and contributions	91,068	42,920	133,988
In-kind contributions	14,500	-	14,500
Other income	1,330	-	1,330
Investment income, net	15,857	-	15,857
	<u>235,182</u>	<u>42,920</u>	<u>278,102</u>
Gross special events revenue	120,550	-	120,550
Less: cost of direct benefits to donors	(58,661)	-	(58,661)
Net special events revenue	<u>61,889</u>	<u>-</u>	<u>61,889</u>
Net assets released from restriction	58,191	(58,191)	-
Total Revenue and Support	<u>355,262</u>	<u>(15,271)</u>	<u>339,991</u>
Expenses			
Program services	201,730	-	201,730
Building	70,020	-	70,020
Management and general	44,656	-	44,656
Fundraising	51,721	-	51,721
Total Expenses	<u>368,127</u>	<u>-</u>	<u>368,127</u>
CHANGE IN NET ASSETS	(12,865)	(15,271)	(28,136)
Net Assets, Beginning of Year	<u>702,149</u>	<u>38,212</u>	<u>740,361</u>
Net Assets, End of Year	<u>\$ 689,284</u>	<u>\$ 22,941</u>	<u>\$ 712,225</u>

FIDOS FOR FREEDOM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended September 30, 2024

	<u>Program Services</u>				<u>Building</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Cost of Direct Benefits to Donors</u>	<u>Total</u>
	<u>Community Education</u>	<u>Service Dogs</u>	<u>Therapy Dogs</u>	<u>Total</u>					
Wages/Salaries	\$ 10,888	\$ 25,383	\$ 3,688	\$ 39,959	\$ 21,545	\$ 12,066	\$ 37,681	\$ -	\$ 111,251
Payroll Taxes/Direct Deposit Costs	619	1,946	265	2,830	1,415	702	3,892	-	8,839
Licenses, Permits, Fees	-	-	-	-	35	-	551	-	586
Members/Subscriptions Expense	4,403	1,314	652	6,369	-	1,142	1,809	-	9,320
Seminars/Staff Development	-	-	-	-	-	548	-	-	548
Office Expense	34	18	16	68	-	2,535	230	-	2,833
Insurance Expense	812	812	812	2,436	1,498	2,097	-	-	6,031
Professional Fees	-	-	-	-	-	13,000	-	-	13,000
Interest/Service Charges	2,291	2,291	2,291	6,873	5,632	841	-	-	13,346
Depreciation and Amortization	8,806	8,968	8,968	26,742	21,450	3,210	-	-	51,402
Facility Expenses	14,290	14,290	14,400	42,980	36,937	6,548	1,204	-	87,669
Client Services	-	577	-	577	-	-	-	-	577
Training Expenses	-	21,830	-	21,830	-	-	-	-	21,830
Food and Supplies	-	28,676	497	29,173	-	-	-	-	29,173
Veterinary Expenses	-	43,871	-	43,871	-	-	-	-	43,871
Educational Materials	755	-	-	755	-	123	-	-	878
Website/Online Expenses	1,562	-	-	1,562	15	-	-	-	1,577
Miscellaneous Program Expenses	5,359	1,978	1,554	8,891	-	-	-	-	8,891
Prizes	-	-	-	-	-	-	-	12,625	12,625
Rent and Facilities Costs	-	-	-	-	-	-	12,958	-	12,958
Food and Beverages	-	-	-	-	-	-	-	21,366	21,366
Entertainment	-	-	-	-	-	-	-	7,530	7,530
Other Expenses	-	-	-	-	-	-	5,482	-	5,482
Total expenses by function	<u>49,819</u>	<u>151,954</u>	<u>33,143</u>	<u>234,916</u>	<u>88,527</u>	<u>42,812</u>	<u>63,807</u>	<u>41,521</u>	<u>471,583</u>
Less expenses included with revenues on the statement of activities	-	-	-	-	-	-	-	-	-
Cost of Direct Benefit to Donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,521)</u>	<u>(41,521)</u>
Total expenses included in expense section on the statement of activities	<u>\$ 49,819</u>	<u>\$ 151,954</u>	<u>\$ 33,143</u>	<u>\$ 234,916</u>	<u>\$ 88,527</u>	<u>\$ 42,812</u>	<u>\$ 63,807</u>	<u>\$ -</u>	<u>\$ 430,062</u>

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

FIDOS FOR FREEDOM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended September 30, 2023

	Program Services				Building	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total
	Community Education	Service Dogs	Therapy Dogs	Total					
Wages/Salaries	\$ 9,764	\$ 23,868	\$ 3,268	\$ 36,900	\$ 18,830	\$ 10,869	\$ 29,992	\$ -	\$ 96,591
Payroll Taxes/Direct Deposit Costs	778	1,711	311	2,800	1,633	855	2,489	-	7,777
Licenses, Permits, Fees	-	-	-	-	20	-	603	-	623
Members/Subscriptions Expense	1,803	1,312	705	3,820	-	2,357	3,600	-	9,777
Seminars/Staff Development	50	-	-	50	-	25	-	-	75
Office Expense	33	84	-	117	37	2,744	50	-	2,948
Insurance Expense	995	995	995	2,985	1,885	1,723	-	-	6,593
Professional Fees	-	-	-	-	-	6,250	749	-	6,999
Interest/Service Charges	394	396	395	1,185	988	12,682	-	-	14,855
Depreciation and Amortization	8,483	8,645	8,645	25,773	20,659	3,092	-	-	49,524
Facility Expenses	10,442	10,886	10,442	31,770	25,968	3,850	-	-	61,588
Client Services	-	932	-	932	-	-	-	-	932
Training Expenses	123	18,787	-	18,910	-	-	-	-	18,910
Food and Supplies	444	19,498	-	19,942	-	-	-	-	19,942
Veterinary Expenses	-	48,967	-	48,967	-	-	-	-	48,967
Educational Materials	575	-	-	575	-	-	191	-	766
Website/Online Expenses	2,500	-	-	2,500	-	-	-	-	2,500
Miscellaneous Program Expenses	1,265	1,548	1,587	4,400	-	-	-	-	4,400
Prizes	24	-	-	24	-	-	-	5,750	5,774
Rent and Facilities Costs	-	-	-	-	-	-	13,178	-	13,178
Food and Beverages	-	-	-	-	-	-	-	29,726	29,726
Entertainment	-	-	-	-	-	-	-	23,127	23,127
Other Expenses	-	40	40	80	-	-	869	58	1,007
Loss on Disposal of Assets	-	-	-	-	-	209	-	-	209
Total expenses by function	37,673	137,669	26,388	201,730	70,020	44,656	51,721	58,661	426,788
Less expenses included with revenues on the statement of activities	-	-	-	-	-	-	-	-	-
Cost of Direct Benefit to Donors	-	-	-	-	-	-	-	(58,661)	(58,661)
Total expenses included in expense section on the statement of activities	\$ 37,673	\$ 137,669	\$ 26,388	\$ 201,730	\$ 70,020	\$ 44,656	\$ 51,721	\$ -	\$ 368,127

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

FIDOS FOR FREEDOM, INC.
STATEMENTS OF CASH FLOWS
For The Years Ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Contributions and grants received	\$ 115,361	\$ 131,746
Program service payments received	6,614	9,295
Receipts from special events	99,058	47,024
Rents received	100,315	98,648
Interest received	18,605	15,772
Other receipts	6,939	707
Payments to employees and taxing authorities	(118,318)	(104,368)
Payments to vendors	(273,796)	(193,744)
Interest paid	(13,346)	(18,906)
	<u>(58,568)</u>	<u>(13,826)</u>
Net cash used in operating activities		
Cash Flows from Investing Activities		
Proceeds from sales of investments	63	-
Purchases of property and equipment	(44,131)	(69,850)
	<u>(44,068)</u>	<u>(69,850)</u>
Net cash used in investing activities		
Cash Flows from Financing Activities		
Repayment of note payable	(13,115)	(9,601)
	<u>(13,115)</u>	<u>(9,601)</u>
Net cash used in financing activities		
Net Decrease in Cash	(115,751)	(93,277)
Cash and Cash Equivalents at Beginning of Year	<u>381,739</u>	<u>475,016</u>
Cash and Cash Equivalents at End of Year	<u>\$ 265,988</u>	<u>\$ 381,739</u>

The Organization received donated securities with a fair value of \$5,095 during the year ended September 30, 2024.

FIDOS FOR FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2024 and 2023

NOTE 1 - NATURE OF ORGANIZATION

Nature of Operations

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 assistance 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 educational facilities, 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 - SUMMARY OF 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 securities purchased with an initial maturity of three months or less and money market funds to be cash equivalents.

FIDOS FOR FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2024 and 2023

NOTE 2 - SUMMARY OF 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 programs and special events, are recognized as revenue at a point in time when received, as the actual benefits received by the contributors 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 previously 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 deferred 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 current expected credit losses. The allowance is based on past experience, future forecasts 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 it is not necessary to allow for expected credit losses based on the factors noted above.

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
For the Years Ended September 30, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Lived Assets

The carrying value of long-lived assets and certain identifiable intangibles is reviewed by management for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. As of June 30, 2024, management does not believe it has any long-lived assets that are impaired.

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, 2024 and 2023. 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, 2024, 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.

FIDOS FOR FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

Donated 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. 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 donated services.

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 programs. Expenses related to more than one function are charged to 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 also charged to programs on the basis of periodic time and square footage studies.

Concentration Risk

The Organization has managed significant cash balances that are subject to concentration risk as of September 30, 2024, and 2023. The Organization's custodial account balances do not surpass the \$500,000 threshold set by the Securities Investor Protection Corporation (SIPC). Furthermore, the Organization's cash holdings in any financial institution did not exceed the coverage limits of the Federal Deposit Insurance Corporation (FDIC).

The Organization owns a building, which houses its office and operations. The Organization leases space in this building to tenants. Nearly 67% and 75% of its rent revenue and 18% and 12% of its total revenue and support for the years ended September 30, 2024, and 2023, respectively, are derived from the rent and utility reimbursement of two tenants.

Reclassifications

Certain prior period balances have been reclassified to conform with current period presentation. Net assets were not changed due to reclassifications.

FIDOS FOR FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments (ASU 2016-13). The standard's main goal is to improve financial reporting by requiring earlier recognition of credit losses on financing receivables and other financial assets in scope. Management adopted the new standard on October 1, 2023, and determined that no retrospective adjustment was necessary.

NOTE 3 - CASH AND CASH EQUIVALENTS

The Organization considers all monies available for current use in checking, savings, money market, petty cash and undeposited funds to be cash. Cash and cash equivalents on the statement of financial position consists of the following at September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Operating accounts	\$ 70,535	\$ 73,542
Money market and savings	194,591	308,038
Petty cash	862	159
Total Cash	<u>\$ 265,988</u>	<u>\$ 381,739</u>

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Tenant rents	\$ 7,653	\$ 8,449
Contributions receivable	250	-
Accounts Receivable, net	<u>\$ 7,903</u>	<u>\$ 8,449</u>

Management has determined that no allowance was necessary as of September 30, 2024 and 2023.

FIDOS FOR FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2024 and 2023

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following on September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Land	\$ 230,090	\$ 230,090
Building	259,464	259,464
Building improvements	941,737	897,606
Furniture and equipment	27,093	27,093
	<u>1,458,384</u>	<u>1,414,253</u>
Less: Accumulated depreciation	(635,260)	(584,310)
Property and equipment - net	<u>\$ 823,124</u>	<u>\$ 829,943</u>

Depreciation expense was \$50,950 and \$49,072 for the years ended September 30, 2024 and 2023, respectively.

NOTE 6 - INTANGIBLES - NET

Intangible assets consist of the following at September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Logo trademarks	\$ 4,511	\$ 4,511
Less: Accumulated amortization	(2,305)	(1,853)
Other assets - tangible - net	<u>\$ 2,206</u>	<u>\$ 2,658</u>

Amortization expense was \$452 for the years ended September 30, 2024 and 2023. Over the next five years, amortization is expected to be \$452 for each year.

NOTE 7 - 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 experienced a temporary loss of revenue due to COVID-19. At a fixed rate of 2.75% per annum, interest was 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 were 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 commenced in December 2022.

FIDOS FOR FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2024 and 2023

NOTE 7 - NOTE PAYABLE (Continued)

Upon expiration of the deferment period, each payment was applied first to interest accrued to the date of receipt of each payment, and the balance, if any, was applied to principal. The note is payable thirty years from the date of the promissory note, maturing in October 2049. The note is secured by all tangible and intangible assets owned by the Organization.

The balance of the loan at September 30, 2024, was \$477,283. Aggregate annual maturities of the SBA note payable are as follows:

Year ending September 30,		
2025	\$	12,342
2026		13,823
2027		14,208
2028		14,604
2029		15,011
Thereafter		407,295
	\$	<u>477,283</u>

NOTE 8 - NET ASSETS

Net assets with donor restrictions were available for the following purposes at September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Dog sponsorships	\$ 5,211	\$ 20,979
PG County Council District 1 Grant	-	1,962
Total	<u>\$ 5,211</u>	<u>\$ 22,941</u>

NOTE 9 - 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, building insurance premiums, and utilities for all but their two largest tenants.

At September 30, 2024, seven of the nine tenants are on 1- to 15-year leases. Accounting principles generally accepted in the United States of America require that the total rent receivable from long-term leases should be recognized on a straight-line basis over the lease terms. Accordingly, the difference between the actual monthly receipts and the rental income recognized on the statement of activities is reported as a receivable or deferred revenue on the statements of financial position.

FIDOS FOR FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2024 and 2023

NOTE 9 - LESSOR LEASES (Continued)

The following is a schedule of future minimum rentals under the long-term leases at September 30, 2024:

2025	\$	73,560
2026		61,884
2027		60,096
2028		60,384
2029		61,608
Thereafter		421,808
Total of minimum expected rents	\$	<u>739,340</u>

NOTE 10 - IN-KIND CONTRIBUTIONS

For the year ended September 30, 2024 and 2023, contributed nonfinancial assets recognized within the statement of activities included service dogs valued at \$16,500 and \$14,500, respectively. The dogs are valued using estimated U.S. principal market prices of identical or similar animals using pricing data under a “like-kind” methodology considering the dogs’ condition and utility for use at the time of the contribution. Contributed service dogs are used in program services.

NOTE 11 - 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>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 265,988	\$ 381,739
Accounts receivable, net	7,903	8,449
Total financial assets	<u>273,891</u>	<u>390,188</u>
Less: Net Assets With Donor Restrictions	(5,211)	(22,941)
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 268,680</u>	<u>\$ 367,247</u>

FIDOS FOR FREEDOM
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2024 and 2023

NOTE 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

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 12 - SUBSEQUENT EVENTS

Management has evaluated the subsequent events after the statement of financial position date of September 30, 2024, through January 14, 2025. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.