

**FIXNATION, INC.**  
**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**  
**YEAR ENDED DECEMBER 31, 2016**

**Contents**

|   | <u>Page</u> |
|---|-------------|
| Independent Auditor's Report.....   | 1           |
| <b>Financial Statements:</b>  |             |
| Statement of Assets, Liabilities and Net Assets - Modified Cash Basis.... | 3           |
| Statement of Support, Revenue and Expenses - Modified Cash Basis....      | 4           |
| Notes to Financial Statements.....  | 6           |
| <b>Supplementary Information:</b>   |             |
| Schedule of Functional Expenses - Modified Cash Basis.....                | 10          |
| Schedule of Cash Inflows and Outflows - Modified Cash Basis.....          | 12          |

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
FixNation, Inc.  
Los Angeles, CA

We have audited the accompanying financial statements of FixNation, Inc., which comprise the statement of assets, liabilities, and net assets - modified cash basis as of December 31, 2016 and 2015, and the related statement of support, revenue, and expenses - modified cash basis for the years then ended, and the related notes to the financial statements.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS:**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

**AUDITOR'S RESPONSIBILITY:**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**OPINION:**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of FixNation, Inc. as of December 31, 2016 and 2015, and its support, revenue, and expenses for the years then ended in accordance with the modified cash basis of accounting as described in Note A.

**BASIS OF ACCOUNTING:**

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

**OTHER MATTERS:**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses - modified cash basis and cash inflows and outflows - modified cash basis are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in accordance with the modified cash basis of accounting as described in Note A.



Arndt Consulting, LLC  
May 19, 2017  
Brookfield, WI

## FIXNATION, INC.

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS

DECEMBER 31, 2016 and 2015

|                                   | <u>2016</u>       | <u>2015</u>       |
|-----------------------------------|-------------------|-------------------|
| <u>ASSETS</u>                     |                   |                   |
| CURRENT ASSETS:                   |                   |                   |
| Cash and cash equivalents         | \$ 485,708        | \$ 431,694        |
| Employee advances                 | 1,073             | -                 |
|                                   | <hr/>             | <hr/>             |
| TOTAL CURRENT ASSETS              | 486,781           | 431,694           |
| PROPERTY AND EQUIPMENT:           |                   |                   |
| Property and equipment            | 351,274           | 281,274           |
| Accumulated depreciation          | <u>(285,274)</u>  | <u>(277,074)</u>  |
|                                   | <hr/>             | <hr/>             |
| NET PROPERTY AND EQUIPMENT        | 66,000            | 4,200             |
| SECURITY DEPOSIT                  | <u>15,981</u>     | <u>15,481</u>     |
|                                   | <hr/>             | <hr/>             |
| TOTAL ASSETS                      | <u>\$ 568,762</u> | <u>\$ 451,375</u> |
| <u>LIABILITIES AND NET ASSETS</u> |                   |                   |
| CURRENT LIABILITIES:              |                   |                   |
| Deferred revenue                  | \$ -              | \$ 51,624         |
|                                   | <hr/>             | <hr/>             |
| TOTAL CURRENT LIABILITIES         | -                 | 51,624            |
| NET ASSETS:                       |                   |                   |
| Unrestricted                      | 568,762           | 399,751           |
|                                   | <hr/>             | <hr/>             |
| TOTAL NET ASSETS                  | <u>568,762</u>    | <u>399,751</u>    |
|                                   | <hr/>             | <hr/>             |
| TOTAL LIABILITIES AND NET ASSETS  | <u>\$ 568,762</u> | <u>\$ 451,375</u> |

See notes to financial statements.

**FIXNATION, INC.**
**STATEMENT OF SUPPORT, REVENUE AND EXPENSES - MODIFIED CASH BASIS**
**YEAR ENDED DECEMBER 31, 2016**

|                                    | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total</u>      |
|------------------------------------|---------------------|-----------------------------------|-------------------|
| <b>PUBLIC SUPPORT AND REVENUE:</b> |                     |                                   |                   |
| Grants and foundations             | \$ 841,015          | \$ -                              | \$ 841,015        |
| Program service revenue            | 256,970             | -                                 | 256,970           |
| Donations and other public support | 345,306             | -                                 | 345,306           |
| <br>                               |                     |                                   |                   |
| Rental and other income            | 41,811              | -                                 | 41,811            |
| In-kind revenue                    | 19,800              | -                                 | 19,800            |
| Interest income                    | 1                   | -                                 | 1                 |
|                                    | <u>1,504,903</u>    | <u>-</u>                          | <u>1,504,903</u>  |
| <b>EXPENSES:</b>                   |                     |                                   |                   |
| Program                            | 1,118,920           | -                                 | 1,118,920         |
| Management and general             | 103,678             | -                                 | 103,678           |
| Fundraising                        | 113,294             | -                                 | 113,294           |
|                                    | <u>1,335,892</u>    | <u>-</u>                          | <u>1,335,892</u>  |
| <br>                               |                     |                                   |                   |
| CHANGE IN NET ASSETS               | 169,011             | -                                 | 169,011           |
| <br>                               |                     |                                   |                   |
| NET ASSETS - BEGINNING OF YEAR     | <u>399,751</u>      | <u>-</u>                          | <u>399,751</u>    |
| <br>                               |                     |                                   |                   |
| NET ASSETS - END OF YEAR           | <u>\$ 568,762</u>   | <u>\$ -</u>                       | <u>\$ 568,762</u> |

See notes to financial statements.

**FIXNATION, INC.**
**STATEMENT OF SUPPORT, REVENUE AND EXPENSES - MODIFIED CASH BASIS**
**YEAR ENDED DECEMBER 31, 2015**

|                                    | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total</u>      |
|------------------------------------|---------------------|-----------------------------------|-------------------|
| <b>PUBLIC SUPPORT AND REVENUE:</b> |                     |                                   |                   |
| Grants and foundations             | \$ 908,504          | \$ -                              | \$ 908,504        |
| Program service revenue            | 298,936             | -                                 | 298,936           |
| Donations and other public support | 288,417             | -                                 | 288,417           |
| <br>                               |                     |                                   |                   |
| Rental and other income            | 28,003              | -                                 | 28,003            |
| Interest income                    | 10                  | -                                 | 10                |
|                                    | <u>1,523,870</u>    | <u>-</u>                          | <u>1,523,870</u>  |
| <b>EXPENSES:</b>                   |                     |                                   |                   |
| Program                            | 1,168,424           | -                                 | 1,168,424         |
| Management and general             | 112,196             | -                                 | 112,196           |
| Fundraising                        | 90,226              | -                                 | 90,226            |
|                                    | <u>1,370,846</u>    | <u>-</u>                          | <u>1,370,846</u>  |
| <br>                               |                     |                                   |                   |
| CHANGE IN NET ASSETS               | 153,024             | -                                 | 153,024           |
| <br>                               |                     |                                   |                   |
| NET ASSETS - BEGINNING OF YEAR     | <u>246,727</u>      | <u>-</u>                          | <u>246,727</u>    |
| <br>                               |                     |                                   |                   |
| NET ASSETS - END OF YEAR           | <u>\$ 399,751</u>   | <u>\$ -</u>                       | <u>\$ 399,751</u> |

See notes to financial statements.

**FIXNATION, INC.****NOTES TO FINANCIAL STATEMENTS****YEARS ENDED DECEMBER 31, 2016 and 2015****NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:****DESCRIPTION OF ORGANIZATION:**

FixNation, Inc. (the Organization), is a not-for-profit, tax exempt 501 (c) (3) public benefit organization that offers free spay and neuter services for homeless, stray and feral cats and provides reduced rate spay and neuter services for non-feral cats.

**NATURE OF PROGRAMS:**

Spay and Neuter Clinic – The Organization offers free and reduced rate spay and neuter services to the general public, provides humane traps and equipment to the community free of charge, provides training on how to humanely trap feral cats and kittens, and offers guidance and information on long-term care and management for feral colonies.

Dog and Cat Vaccine and Microchip Clinic – The Organization provides dog and cat vaccine and microchip services.

**TAX-EXEMPT STATUS:**

The Organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. Additionally, the Organization qualifies for the charitable contribution deductions under section 170(b)(1)(A) and has been classified as a public charity under section 509(a)(1). The agency is also exempt from state income taxes.

Generally, the Organization's tax exempt income tax returns are subject to examination for three years after they are filed.

**BASIS OF ACCOUNTING:**

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than prescribed by generally accepted accounting principles. Under this basis of accounting, the Organization recognizes revenue and expense as cash is received or expended and utilizes straight-line and accelerated methods of depreciation which may recognize up to 100% of the cost as depreciation expense in the year of acquisition.

**USE OF ESTIMATES:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**FINANCIAL STATEMENT PRESENTATION:**

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted:



## FIXNATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 and 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Unrestricted net assets – Unrestricted net assets generally result from revenues from providing services, producing and delivering goods, receiving unrestricted contributions, and receiving dividends or interest from investing in income producing assets, less expenses incurred in providing services, producing and delivering goods, raising contributions, and performing administrative functions. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes specified in its articles of incorporation or bylaws and limits resulting from contractual agreements with suppliers, creditors, and others entered into by the Organization in the course of its business.

Temporarily restricted net assets – The part of the net assets of a not-for-profit organization resulting (a) from contributions and other inflows of assets whose use by the Organization is limited by donor imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations, and (c) from reclassifications to (or from) other classes of net assets as a consequence of donor imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the Organization pursuant to those stipulations.

Permanently restricted net assets – The part of the net assets of a not-for-profit organization resulting (a) from contributions and other inflows of assets whose use by the Organization is limited by donor imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations, and (c) from reclassifications from (or to) other classes of net assets as a consequence of donor imposed stipulations.

**CASH AND CASH EQUIVALENTS:**

The Organization defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less.

**PROPERTY AND EQUIPMENT:**

Property and equipment is stated at cost if purchased or fair market value at the date of the gift if donated. Acquisitions of property and equipment and expenditures for improvements and betterments in excess of \$5,000 that prolong the useful lives of assets are capitalized. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in the statement of activities. Property and equipment is depreciated using straight-line and accelerated methods of depreciation which may recognize up to 100% of the cost as depreciation expense in the year of acquisition.

## FIXNATION, INC.

NOTES TO FINANCIAL STATEMENTS

## YEARS ENDED DECEMBER 31, 2016 and 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

## REVENUE RECOGNITION:

Contributions, including unconditional promises to give, are recognized in the period received. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

## IN-KIND CONTRIBUTIONS:

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

## DONATED SERVICES:

Contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

## EXPENSE ALLOCATION:

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying schedule of functional expenses - modified cash basis. Accordingly, certain costs have been allocated among the programs benefited.

NOTE B – CONCENTRATION OF CREDIT RISK:

The Organization maintains its cash balances in a financial institution. Cash balances may exceed federally insured limits. The Organization monitors the financial condition of its financial institution and believes it is not exposed to any significant credit risk on cash.

NOTE C – CONCENTRATION OF REVENUE:

The Organization receives a substantial portion of its support and revenue from a limited number of sources. For the year ended December 31, 2016, one source accounted for 21.71% of total unrestricted support and revenue. For the year ended December 31, 2015, this same source accounted for 24.79% of total unrestricted support and revenue.

**FIXNATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2016 and 2015**

**NOTE D – PROPERTY AND EQUIPMENT:**

The major categories of property and equipment as of December 31, 2016 and 2015 are summarized as follows:

|                                   |                  |                 |
|-----------------------------------|------------------|-----------------|
|                                   | <u>2016</u>      | <u>2015</u>     |
| Leasehold improvements            | \$ 202,974       | \$ 202,974      |
| Furniture, fixtures and equipment | <u>148,300</u>   | <u>78,300</u>   |
|                                   | 351,274          | 281,274         |
| Less accumulated depreciation     | <u>285,274</u>   | <u>277,074</u>  |
|                                   | <u>\$ 66,000</u> | <u>\$ 4,200</u> |

**NOTE E – COMMITMENTS:**

The Organization leases its facility under a long-term non-cancelable operating lease agreement. The lease expires in October 2018 and provides for rental payment of premises and common area costs. Rent expense for the year ended December 31, 2016 was \$82,908 and was \$81,048 for the year ended December 31, 2015. Future minimum rental payments under this lease are as follows:

|      |                   |
|------|-------------------|
| 2017 | \$ 85,822         |
| 2018 | <u>73,298</u>     |
|      | <u>\$ 159,120</u> |

The Organization was party to an employment dispute involving a terminated employee that was initially resolved by the Courts in favor of the Organization. The employee appealed the decision and a final settlement was reached in February 2017 which resulted in additional compensation to be paid to the employee.

**NOTE F – RELATED PARTY:**

The Organization's founders are also the founders of an association that distributes and provides resources related to the Organization's spay and neuter clinic. Generally, these services are provided by the related association by unpaid volunteers. No amounts have been recognized in the statement of activities because the criteria for recognition have not been satisfied.

**NOTE G – SUBSEQUENT EVENTS:**

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed, May 19, 2017. There were no subsequent events that required recognition or disclosure.

**SUPPLEMENTARY  
INFORMATION**

**FIXNATION, INC.**
**SCHEDULE OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS**
**YEAR ENDED DECEMBER 31, 2016**

|                           | <u>Program</u>             | <u>Management<br/>and<br/>General</u> | <u>Fundraising</u>       | <u>Total</u>               |
|---------------------------|----------------------------|---------------------------------------|--------------------------|----------------------------|
| Salaries and wages        | \$ 366,733                 | \$ 27,000                             | \$ 18,000                | \$ 411,733                 |
| Employee benefits         | 50,957                     | 8,702                                 | -                        | 59,659                     |
| Payroll taxes             | 32,532                     | 3,442                                 | -                        | 35,974                     |
| Insurance                 | 21,733                     | 3,213                                 | -                        | 24,946                     |
| Contract labor            | 42,335                     | 1,500                                 | 35,401                   | 79,236                     |
| Professional fees         | 196,979                    | 34,840                                | -                        | 231,819                    |
| Payroll processing        | 2,841                      | -                                     | -                        | 2,841                      |
| Bank and credit card fees | -                          | 9,969                                 | -                        | 9,969                      |
| Supplies                  | 3,934                      | -                                     | 2,206                    | 6,140                      |
| Animal supplies           | 2,397                      | -                                     | -                        | 2,397                      |
| Surgical supplies         | 242,884                    | -                                     | 318                      | 243,202                    |
| Cremation expense         | 939                        | -                                     | -                        | 939                        |
| Telephone                 | 9,659                      | 861                                   | -                        | 10,520                     |
| Postage                   | 214                        | 661                                   | -                        | 875                        |
| Rent expense              | 70,472                     | 12,436                                | -                        | 82,908                     |
| Trash removal             | 2,433                      | -                                     | -                        | 2,433                      |
| Repairs and maintenance   | 1,606                      | -                                     | -                        | 1,606                      |
| Equipment                 | 410                        | -                                     | -                        | 410                        |
| Storage                   | 7,676                      | -                                     | -                        | 7,676                      |
| Printing and reproduction | 6,219                      | -                                     | 2,852                    | 9,071                      |
| Advertising               | 6,227                      | -                                     | -                        | 6,227                      |
| Travel                    | 3,291                      | -                                     | -                        | 3,291                      |
| Vehicle expense           | 7,283                      | -                                     | -                        | 7,283                      |
| Food and meeting expense  | 1,781                      | 251                                   | 1,911                    | 3,943                      |
| Gift expense              | 110                        | 198                                   | -                        | 308                        |
| Dues and fees             | -                          | 430                                   | -                        | 430                        |
| Donations                 | -                          | 175                                   | -                        | 175                        |
| Fundraising               | -                          | -                                     | 52,606                   | 52,606                     |
| Catnippers                | 216                        | -                                     | -                        | 216                        |
| Utilities                 | 9,059                      | -                                     | -                        | 9,059                      |
| In-kind expense           | 19,800                     | -                                     | -                        | 19,800                     |
| Depreciation              | 8,200                      | -                                     | -                        | 8,200                      |
| <b>TOTAL EXPENSES</b>     | <b><u>\$ 1,118,920</u></b> | <b><u>\$ 103,678</u></b>              | <b><u>\$ 113,294</u></b> | <b><u>\$ 1,335,892</u></b> |

See notes to financial statements.

**FIXNATION, INC.**
**SCHEDULE OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS**
**YEAR ENDED DECEMBER 31, 2015**

|                             | <u>Program</u>             | <u>Management<br/>and<br/>General</u> | <u>Fundraising</u>      | <u>Total</u>               |
|-----------------------------|----------------------------|---------------------------------------|-------------------------|----------------------------|
| Salaries and wages          | \$ 355,184                 | \$ 45,000                             | \$ -                    | \$ 400,184                 |
| Employee benefits           | 54,351                     | 9,591                                 | -                       | 63,942                     |
| Payroll taxes               | 31,946                     | 3,442                                 | -                       | 35,388                     |
| Insurance                   | 16,738                     | 2,760                                 | -                       | 19,498                     |
| Contract labor              | 49,175                     | -                                     | 40,733                  | 89,908                     |
| Professional fees           | 217,663                    | 26,800                                | -                       | 244,463                    |
| Payroll processing          | 2,723                      | -                                     | -                       | 2,723                      |
| Bank and credit card fees   | -                          | 9,059                                 | -                       | 9,059                      |
| Supplies                    | 5,682                      | -                                     | 2,286                   | 7,968                      |
| Surgical supplies           | 319,842                    | -                                     | 8                       | 319,850                    |
| Cremation expense           | 1,791                      | -                                     | -                       | 1,791                      |
| Telephone                   | 9,942                      | 256                                   | -                       | 10,198                     |
| Postage                     | -                          | 1,037                                 | -                       | 1,037                      |
| Rent expense                | 68,600                     | 12,448                                | -                       | 81,048                     |
| Trash removal               | 4,356                      | -                                     | -                       | 4,356                      |
| Repairs and maintenance     | 420                        | -                                     | -                       | 420                        |
| Equipment                   | 152                        | -                                     | -                       | 152                        |
| Storage                     | 4,083                      | -                                     | -                       | 4,083                      |
| Printing and reproduction   | 1,112                      | -                                     | -                       | 1,112                      |
| Advertising                 | 9,292                      | -                                     | -                       | 9,292                      |
| Travel                      | 109                        | 2                                     | -                       | 111                        |
| Vehicle expense             | 2,247                      | -                                     | -                       | 2,247                      |
| Training                    | 397                        | -                                     | -                       | 397                        |
| Food and meeting expense    | 2,400                      | 1,533                                 | 1,076                   | 5,009                      |
| Dues and fees               | 230                        | 268                                   | -                       | 498                        |
| Staff appreciation          | 934                        | -                                     | -                       | 934                        |
| Fundraising                 | -                          | -                                     | 46,123                  | 46,123                     |
| Catnippers                  | 3,778                      | -                                     | -                       | 3,778                      |
| Trademark & related expense | 600                        | -                                     | -                       | 600                        |
| Utilities                   | 2,284                      | -                                     | -                       | 2,284                      |
| Program outreach            | 183                        | -                                     | -                       | 183                        |
| Depreciation                | 2,210                      | -                                     | -                       | 2,210                      |
| <b>TOTAL EXPENSES</b>       | <b><u>\$ 1,168,424</u></b> | <b><u>\$ 112,196</u></b>              | <b><u>\$ 90,226</u></b> | <b><u>\$ 1,370,846</u></b> |

See notes to financial statements.

## FIXNATION, INC.

SCHEDULE OF CASH INFLOWS AND OUTFLOWS- MODIFIED CASH BASIS

YEARS ENDED DECEMBER 31, 2016 and 2015

|   | <u>2016</u>       | <u>2015</u>       |
|---|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES:   |                   |                   |
| Change in net assets  | \$ 169,011        | \$ 153,024        |
| Adjustments to reconcile change in net assets<br>to cash provided/(used) by operating activities: |                   |                   |
| Depreciation  | 8,200             | 2,210             |
| Change in other current assets  | (1,073)           | -                 |
| Change in security deposit  | (500)             | -                 |
| Change in payroll liability   | -                 | (37)              |
| Change in deferred revenue  | <u>(51,624)</u>   | <u>(37,735)</u>   |
| NET CASH PROVIDED BY<br>BY OPERATING ACTIVITIES   | 124,014           | 117,462           |
| CASH FLOWS FROM INVESTING ACTIVITIES:   |                   |                   |
| Investment in equipment   | <u>(70,000)</u>   | <u>-</u>          |
| NET CASH USED BY<br>INVESTING ACTIVITIES  | (70,000)          | -                 |
| CASH FLOWS FROM FINANCING ACTIVITIES:   |                   |                   |
| No activity to report   | <u>-</u>          | <u>-</u>          |
| NET CASH PROVIDED BY<br>FINANCING ACTIVITIES  | <u>-</u>          | <u>-</u>          |
| NET CHANGE IN CASH  | 54,014            | 117,462           |
| CASH AND CASH EQUIVALENTS:  |                   |                   |
| Beginning of year   | <u>431,694</u>    | <u>314,232</u>    |
| End of year   | <u>\$ 485,708</u> | <u>\$ 431,694</u> |
| SUPPLEMENTAL CASH FLOW INFORMATION:   |                   |                   |
| Cash paid for interest  | <u>\$ -</u>       | <u>\$ -</u>       |

See notes to financial statements.