

Veteran Companion Animal Services

FINANCIAL STATEMENTS

**For the Years Ended
December 31, 2020 and 2019**

Veteran Companion Animal Services

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Accountant's Compilation Report	1
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Cash Flows	4
Statement of Functional Expenses	5
Notes to the Financial Statements	6

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Trustees of
Veteran Companion Animal Services
Delaware, Ohio

Management is responsible for the accompanying financial statements of Veteran Companion Animal Services (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Wells, CPA

Columbus, Ohio
February 26, 2021

Veteran Companion Animal Services
Statement of Financial Position
For the Years Ended December 2020 and 2019

	<u>2020</u>			<u>2019</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
ASSETS						
Current Assets						
Cash	\$ 103,201	\$ 8,295	\$ 111,496	\$ 123,053	\$ 12,374	\$ 135,427
Total Current Assets	<u>103,201</u>	<u>8,295</u>	<u>111,496</u>	<u>123,053</u>	<u>12,374</u>	<u>135,427</u>
TOTAL ASSETS	<u><u>\$ 103,201</u></u>	<u><u>\$ 8,295</u></u>	<u><u>\$ 111,496</u></u>	<u><u>\$ 123,053</u></u>	<u><u>\$ 12,374</u></u>	<u><u>\$ 135,427</u></u>
LIABILITIES AND NET ASSETS						
Current Liabilities						
Accounts Payable	\$ 3,628	\$ -	\$ 3,628	\$ 1,200	\$ -	\$ 1,200
Total Current Liabilities	<u>3,628</u>	<u>-</u>	<u>3,628</u>	<u>1,200</u>	<u>-</u>	<u>1,200</u>
TOTAL LIABILITIES	<u><u>\$ 3,628</u></u>	<u><u>-</u></u>	<u><u>\$ 3,628</u></u>	<u><u>\$ 1,200</u></u>	<u><u>-</u></u>	<u><u>\$ 1,200</u></u>
NET ASSETS						
Net Assets without Donor Restrictions	\$ 99,573	\$ -	\$ 99,573	\$ 121,853	\$ -	\$ 121,853
Net Assets with Donor Restrictions	<u>-</u>	<u>8,295</u>	<u>8,295</u>	<u>-</u>	<u>12,374</u>	<u>12,374</u>
TOTAL NET ASSETS	<u><u>\$ 99,573</u></u>	<u><u>\$ 8,295</u></u>	<u><u>\$ 107,868</u></u>	<u><u>\$ 121,853</u></u>	<u><u>\$ 12,374</u></u>	<u><u>\$ 134,227</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 103,201</u></u>	<u><u>\$ 8,295</u></u>	<u><u>\$ 111,496</u></u>	<u><u>\$ 123,053</u></u>	<u><u>\$ 12,374</u></u>	<u><u>\$ 135,427</u></u>

See Accountant's Compilation Report and Notes Which Accompany These Financial Statements

Veteran Companion Animal Services
Statement of Activities and Changes in Net Assets
For the Years Ended December 2020 and 2019

	<u>2020</u>			<u>2019</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES						
Donations	\$ 102,786	\$ 8,295	\$ 111,081	\$ 131,499	\$ 12,374	\$ 143,873
Other Revenue	4,383	-	4,383	630	-	630
Release from Restrictions	12,374	(12,374)	-			
TOTAL REVENUES	<u>\$ 119,543</u>	<u>\$ (4,079)</u>	<u>\$ 115,464</u>	<u>132,129</u>	<u>12,374</u>	<u>144,503</u>
EXPENSES						
Program Expenses	98,279	-	98,279	16,021	-	16,021
Administrative Expenses	18,294	-	18,294	4,976	-	4,976
Fundraising Expenses	25,250	-	25,250	529	-	529
Total Expenses	<u>141,823</u>	<u>-</u>	<u>141,823</u>	<u>21,526</u>	<u>-</u>	<u>21,526</u>
Change in Net Assets	(22,280)	(4,079)	(26,359)	110,603	12,374	122,977
Net Assets at Beginning of Year	<u>121,853</u>	<u>12,374</u>	<u>134,227</u>	<u>11,250</u>	<u>-</u>	<u>11,250</u>
Net Assets at End of Year	<u>\$ 99,573</u>	<u>\$ 8,295</u>	<u>\$ 107,868</u>	<u>\$ 121,853</u>	<u>\$ 12,374</u>	<u>\$ 134,227</u>

See Accountant's Compilation Report and Notes Which Accompany These Financial Statements

Veteran Companion Animal Services
Statement of Cash Flows
For the Years Ended December 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in Net Assets	\$ (26,359)	\$ 122,977
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities		
Changes in Assets and Liabilities:		
Increase in Accounts Payable	2,428	1,200
Net Cash Used In Operating Activities	(23,931)	124,177
Net Cash Used In Investing Activities	-	-
Net Cash Used in Financing Activities	-	-
Net Change in Cash	(23,931)	124,177
Cash at Beginning of Year	135,427	11,250
Cash at End of Year	\$ 111,496	\$ 135,427

See Accountant's Compilation Report and Notes Which Accompany These Financial Statements

Veteran Companion Animal Services
Statement of Functional Expenses
For the Years Ended December 2020 and 2019

	<u>2020</u>				<u>2019</u>			
	<u>Program</u>	<u>General</u>		<u>Total</u>	<u>Program</u>	<u>General</u>		<u>Total</u>
	<u>Services</u>	<u>and</u>	<u>Fundraising</u>	<u>Expenses</u>	<u>Services</u>	<u>and</u>	<u>Fundraising</u>	<u>Expenses</u>
		<u>Administrative</u>				<u>Administrative</u>		
Advertising	\$ 43,055	\$ -	\$ -	\$ 43,055	\$ 2,539	\$ 421	\$ 23	\$ 2,983
Contractors	1,300	-	-	1,300	-	-	-	-
Fundraising	-	-	8,177	8,177	-	-	-	-
Insurance	3,945	-	-	3,945	1,108	708	-	1,816
Merchandise Cost	425	-	-	425	263	-	-	263
Misc. Expenses	-	175	-	2,396	526	6	147	679
Occupancy	1,724	731	792	3,247	-	1,486	-	1,486
Office Expenses	2,861	1,212	1,315	5,388	6,052	2,081	359	8,492
Payroll Taxes	3,569	1,512	1,640	6,722	1,151	-	-	1,151
Professional Fees	-	2,300	-	2,300	-	274	-	274
Training	-	75	-	75	-	-	-	-
Veterinary Care	12,400	-	-	12,400	-	-	-	-
Wages	29,000	12,288	13,326	54,614	4,382	-	-	4,382
	<u>\$ 98,279</u>	<u>\$ 18,294</u>	<u>\$ 25,250</u>	<u>\$ 141,823</u>	<u>\$ 16,021</u>	<u>\$ 4,976</u>	<u>\$ 529</u>	<u>\$ 21,526</u>

See Accountant's Compilation Report and Notes Which Accompany These Financial Statements

Veteran Companion Animal Services
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 1 – ORGANIZATION

Nature of Operations

Veteran Companion Animal Services (“VCAS”) programs serve to enrich the lives of veterans, military families, and dogs through the many benefits of the human-animal bond.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the organization have been prepared utilizing the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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 restrictions.

There were \$8,295 and \$12,374 of donor restricted net assets as of December 31, 2020 and 2019, respectively. These restricted funds are temporarily restricted for use in specific programs and the cash was not used as of the end of each fiscal year.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

Veteran Companion Animal Services
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

VCAS recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give -that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

VCAS has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

In accordance with the ASU, VCAS has determined that no changes to the previously recorded revenue was required.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function, Program, General and Administrative, and Functional. All expenses are directly charged to either Program, Administration or Fundraising. No allocation of costs between or among functions is included in these financial statements. All costs are directly charged to the appropriate function.

Income Taxes

VCAS is exempt from Federal income taxes under Section 501 (c)(3) of the Internal Revenue Code.

VCAS follows FASB guidance on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, VCAS may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of VCAS, and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. As of December 31, 2020 and 2019, there were no material unrecognized tax benefits identified or recorded as liabilities.

VCAS files a Form 990 annually with the Internal Revenue Service. VCAS' federal exempt organization tax returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

Veteran Companion Animal Services
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events

Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements are issued or are available to be issued. Management has evaluated subsequent events through February 26, 2021, the date on which the financial statements were available to be issued.

NOTE 3 – CASH AND RESTRICTED CASH

For purposes of the statement of financial position and the statement of cash flows, cash consist of unrestricted and restricted cash amounts. Assets reserved for future programming are included on the statements of financial position as restricted cash. The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position that sum to the totals cash in the statements of cash flows.

	December 31, 2020	December 31, 2019
Unrestricted Cash	\$ 103,201	\$ 123,053
Restricted Cash:		
Future Programming Activities		12,374
Dog placement and training	1,000	
Alumni Program	7,295	
Total Cash	\$ 111,496	\$ 135,427

NOTE 4 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

VCAS has \$111,496 and \$135,427 of financial assets available, reported as cash on the Statement of Financial Position, as of December 31, 2020 and 2019 respectively, to meet needs for general expenditures. The restricted cash is included as it is anticipated that the program expenses will be incurred during the next fiscal year. VCAS has a goal to maintain financial assets, which consist of cash on hand that are not restricted for long term purposes, to meet two hundred seventy (270) days of general expenditures.

For the year ended December 31, 2020, an average month of general expenditures was approximately \$106,367.

For the year ended December 31, 2019, an average month of general expenditures was approximately \$92,232.

VCAS has structures in place to ensure that financial assets are available as general expenditures, liabilities, and other obligations come due. VCAS is actively seeking more funding and grant opportunities. As part of our liquidity management plan, we invest cash in excess of daily requirements in short-term investments, CDs, and money market funds.

Veteran Companion Animal Services
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 5 – IMPLEMENTATION OF ACCOUNTING STANDARDS

New Accounting Pronouncements

VCAS has adopted portions of the new accounting standards below.

ASU 2015-17 *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes* – This ASU concludes that deferred tax liabilities and assets should be classified as noncurrent in a classified statement of financial position. Adoption of this standard did not materially impact the manner in which prior financial statements were presented.

ASU 2016-01 *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* – This ASU updates certain aspects of recognition, measurement, presentation and disclosure of financial instruments and applies to all entities that hold financial assets or owe financial liabilities. Adoption of this standard did not materially impact the manner in which prior financial statements were presented.

ASU 2016-18 *Statement of Cash Flows - Restricted Cash* was adopted during the fiscal years. Adoption of this standard did not materially impact the manner in which prior financial statements were presented.

ASU 2017-10 *Service Concession Arrangements - Determining the Customer of the Operation Services* was adopted during the fiscal years. Adoption of this standard did not materially impact the manner in which prior financial statements were presented.

ASU 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* was adopted during the fiscal years. Adoption of this standard did not materially impact the manner in which prior financial statements were presented.

NOTE 6 – Contingency

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact the Company's net income. Other financial impact could occur though such potential impact is unknown at this time.