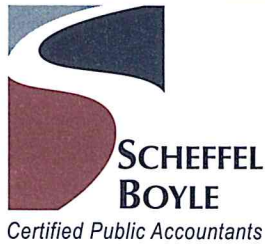


GOT YOUR SIX SUPPORT DOGS  
REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED OCTOBER 31, 2019

GOT YOUR SIX SUPPORT DOGS

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS:	
<u>EXHIBITS:</u>	
A    Statement of Assets, Liabilities and Net Assets – Modified Cash Basis	3
B    Statement of Support, Revenue, Expenses and Changes in Net Assets - Modified Cash Basis	4
C    Statement of Functional Expenses – Modified Cash Basis	5
NOTES TO FINANCIAL STATEMENTS	6-11



ALTON EDWARDSVILLE BELLEVILLE HIGHLAND  
JERSEYVILLE COLUMBIA CARROLLTON

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Got Your Six Support Dogs  
Collinsville, Illinois

We have audited the accompanying financial statements of Got Your Six Support Dogs (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of October 31, 2019, and the related statement of support, revenue, expenses and changes in net assets – modified cash basis and statement of functional expenses – modified cash basis for the year 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 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of 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 audit. We conducted our audit 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 from 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 Got Your Six Support Dogs as of October 31, 2019, and its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

## **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with 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 this matter.



Edwardsville, Illinois  
February 24, 2020

GOT YOUR SIX SUPPORT DOGS  
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS  
OCTOBER 31, 2019

ASSETS

CURRENT ASSETS:	
Cash - Unrestricted	\$ 72,595
Cash - Restricted	469,288
Deposit	5,000
Investments	18,102
Total Current Assets	<u>\$ 564,985</u>
FIXED ASSETS:	
Land and Building	\$ 400,134
Vehicles	31,722
Less, Accumulated Depreciation	(6,945)
Net Fixed Assets	<u>\$ 424,911</u>
 TOTAL ASSETS	 <u><u>\$ 989,896</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Credit Card Liability	\$ 11,897
Payroll Tax Withholdings	5,771
Current Portion of Note Payable - Building	51,785
Real Estate Tax Credit on Closing	6,039
Total Current Liabilities	<u>\$ 75,492</u>
LONG-TERM LIABILITIES:	
Note Payable - Building	<u>\$ 500,215</u>
 TOTAL LIABILITIES	 <u><u>\$ 575,707</u></u>
NET ASSETS:	
Without Donor Restrictions	\$ 210,865
With Donor Restrictions	203,324
TOTAL NET ASSETS	<u>\$ 414,189</u>
 TOTAL	 <u><u>\$ 989,896</u></u>

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

GOT YOUR SIX SUPPORT DOGS  
STATEMENT OF SUPPORT, REVENUE, EXPENSES, AND  
CHANGES IN NET ASSETS - MODIFIED CASH BASIS  
FOR THE YEAR ENDED OCTOBER 31, 2019

<u>REVENUE AND SUPPORT</u>	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
Grant Revenue	\$ 60,590	\$ 480,375	\$ 540,965
Contributions	217,486	-	217,486
In-Kind Donations	15,600	-	15,600
Unrealized Gain on Investment	102	-	102
Fundraising Events			
Revenues	\$ 20,374	-	20,374
Direct Expenses	(6,662)	-	(6,662)
Total Revenue and Support	<u>\$ 307,490</u>	<u>\$ 480,375</u>	<u>\$ 787,865</u>
 <u>OTHER SUPPORT</u>			
Net Assets Released from Restrictions - Satisfaction of Program Restrictions	<u>\$ 277,051</u>	<u>\$ (277,051)</u>	<u>\$ -</u>
Total Other Support	<u>\$ 277,051</u>	<u>\$ (277,051)</u>	<u>\$ -</u>
 <u>EXPENSES</u>			
Program Services	\$ 332,348	\$ -	\$ 332,348
General and Administrative	40,103	-	40,103
Fundraising	60,147	-	60,147
Total Expenses	<u>\$ 432,598</u>	<u>\$ -</u>	<u>\$ 432,598</u>
 CHANGE IN NET ASSETS	 \$ 151,943	 \$ 203,324	 \$ 355,267
NET ASSETS AT BEGINNING OF YEAR	<u>58,922</u>	<u>-</u>	<u>58,922</u>
NET ASSETS AT END OF YEAR	<u>\$ 210,865</u>	<u>\$ 203,324</u>	<u>\$ 414,189</u>

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

GOT YOUR SIX SUPPORT DOGS  
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED OCTOBER 31, 2019

	Program Services	General and Administrative	Fundraising	Total
Advertising	\$ -	\$ -	\$ 146	\$ 146
Bank and Related Fees	-	1,402	-	1,402
Depreciation Expense	-	6,098	-	6,098
Dog Acquisition	11,600	-	-	11,600
Dog Supplies, Boarding, and Grooming	35,645	-	-	35,645
Dog Trainers	3,217	-	-	3,217
Dues and Subscriptions	3,850	-	-	3,850
Employee Benefits	4,944	618	618	6,180
Insurance	3,114	-	-	3,114
Insurance-Liability	-	1,695	-	1,695
Job Training	10,818	-	-	10,818
Legal and Professional Fees	-	8,753	-	8,753
Miscellaneous	4,507	563	563	5,633
Office Expenses	10,543	1,318	1,318	13,179
Payroll Tax Expense	12,506	1,563	1,563	15,632
Printed Materials	4,801	600	600	6,001
Printing Expense	1,080	-	1,080	2,160
Professional Fundraising Services	-	-	37,295	37,295
Program Promotion and Marketing	19,773	-	-	19,773
Rent-Temporary Locations	9,035	-	-	9,035
Repairs and Maintenance	3,834	-	-	3,834
Taxes and Licenses	648	-	-	648
Training Class Scholarship	150	-	-	150
Training Supplies	14,969	-	-	14,969
Travel and Meetings	11,083	-	-	11,083
Utilities	3,701	1,058	529	5,288
Veterans Placement Costs	14,734	-	-	14,734
Veterinarian Expenses	14,369	-	-	14,369
Volunteer Expenses	1,950	-	-	1,950
Wages	131,477	16,435	16,435	164,347
Total	\$ 332,348	\$ 40,103	\$ 60,147	\$ 432,598

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

GOT YOUR SIX SUPPORT DOGS  
NOTES TO THE FINANCIAL STATEMENTS  
OCTOBER 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Got Your Six Support Dogs (the “Organization”) is a 501(c)(3) nonprofit corporation which supports veterans and first-responders who have risked their lives to serve their country. To help those who struggle with Post Traumatic Stress Disorder (PTSD) as well as sexual trauma, Got Your Six Support Dogs’ goal is to place trained PTSD service dogs with veterans and first-responders at no cost to help them heal from the psychological stress of war and duty through the compassion and healing power of their loyal four legged companions. The Organization’s main sources of revenue are through public contributions and various grants.

Basis of Accounting

The accompanying financial statements are prepared on the modified cash basis of accounting. The modified cash basis differs from the U.S. generally accepted accounting principles primarily because revenues are recognized when received rather than when earned and expenses are recognized when paid rather than when the obligation is incurred. Modifications to the cash basis of accounting include recording depreciation on property and equipment and accruing for payroll taxes, if applicable.

Financial Statement Presentation

Contributions received are recorded as an increase in net assets without donor restrictions and net assets with donor restrictions depending on the existence or nature of any donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor restrictions. Net Assets without donor restrictions of the Organization are primarily represented by public contributions.

Net Assets With Donor Restrictions – Net assets that have not yet met donor restrictions or for which the ultimate purpose of the assets is a permanent restriction. The Organization currently has \$203,324 of Net Assets with donor restrictions.

Property and Equipment

The organization’s policy is to capitalize, at cost, purchases of property and equipment in excess of \$1,000 and depreciate them on the straight-line basis over their estimated useful lives. The Organization purchased a building on October 31, 2019 and obtained a construction loan for renovations to the building. The Organization plans to be able to move in to the new building at the end of March 2020. As the building is not yet in service, the Organization has not started depreciating the new building in the fiscal year ending October 31, 2019. Depreciation expense was \$6,098 for the year ended October 31, 2019.

Contributions

Contributions received are recorded as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is satisfied, net assets are released and reported as an increase in net assets without donor restrictions. Donor-restricted contributions whose restrictions are met within the same reporting period as received are recorded as contributions without donor restrictions.



GOT YOUR SIX SUPPORT DOGS  
NOTES TO THE FINANCIAL STATEMENTS  
OCTOBER 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of support, revenue, expenses and change in net assets – modified cash basis. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

In-kind Contributions

The organization received approximately \$15,600 of donated dog food, which has been reflected in the financial statements for the year ended October 31, 2019. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, such as participating on the Board of Directors or other committees, which have not been reflected in the financial statements since they neither require specialized skills nor would have been typically purchased had they not been donated. The value of these services is not readily determinable.

Income Tax Status

The Organization is exempt from federal income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made.

Advertising

Advertising costs are charged to operations as paid. Advertising expense was \$146 for the year ended October 31, 2019.

Use of Estimates

In preparing financial statements in conformity with the modified cash basis of accounting, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurement

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Organization emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy.

The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

*Level 1* – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

*Level 2* – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

*Level 3* – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

GOT YOUR SIX SUPPORT DOGS  
NOTES TO THE FINANCIAL STATEMENTS  
OCTOBER 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fair Value Measurement (Cont'd)

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The fair value hierarchy for the Organization's investments is shown in Note 5.

NOTE 2. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and investment accounts in commercial banks and with brokerage firms. The cash is insured by the Federal Deposit Insurance Corporation (FDIC). Accounts at an institution are insured by the FDIC up to \$250,000, and at times may exceed that limit. Investments are insured by the Securities Insurance Protection Corporation (SIPC) up to \$500,000. The Organization maintains their cash in bank deposit accounts at high credit quality financial institutions.

NOTE 3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization is primarily funded through public contributions and various grants. As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. All financial assets held at year end are available to meet cash needs for general expenditures within one year.

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets, at year end:	\$ 564,985
Less those unavailable for general expenditures within one year due to:	
Contractual or donor-imposed restrictions:	
Restricted by Contract Provisions for Improvements	(265,964)
Restricted by donor with time or purpose restrictions:	<u>(203,324)</u>
Financial assets available to meet cash needs for general expenditures:	
Within One Year:	<u>\$ 95,697</u>

NOTE 4. LONG-TERM DEBT

Long-term debt at October 31, 2019 consisted of the following:

Building Loan: As of October 31, 2019, the Organization secured a loan for \$340,000 at an interest rate of 3.337%. The loan is secured by the building. The Organization has a monthly payment on this loan of \$1,943.54.

GOT YOUR SIX SUPPORT DOGS  
NOTES TO THE FINANCIAL STATEMENTS  
OCTOBER 31, 2019

NOTE 4. LONG-TERM DEBT (CONT'D)

Construction Loan: As of October 31, 2019 the Organization secured a loan for \$212,000 at an interest rate of 3.335%. The loan is secured by the building. The Organization has a monthly payment on this loan of \$3,841.03.

Maturity requirements on the long-term debt are as follows:

<u>Year Ending on October 31,</u>	<u>Building Amount</u>	<u>Construction Amount</u>
2020	12,161	39,624
2021	12,573	40,966
2022	12,999	42,353
2023	13,440	43,787
2024	288,827	45,270
TOTAL	<u>340,000</u>	<u>212,000</u>

NOTE 5. FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization measures fair value refer to Note 1 – Summary of Significant Accounting Policies.

The following methods and assumptions were used to estimate the fair value of each class of investments for which it is practicable to estimate that value:

The fair values of the investments are estimated based on quoted market prices for those or similar investments.

The following table presents the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of October 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
Mutual Funds:				
US Government	<u>\$ 18,102</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,102</u>

NOTE 6. COST ALLOCATION

The financial statements report certain categories of expenses that are attributable to both the program and supporting functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include employee benefits, miscellaneous, office expense, payroll tax expense, printed materials, utilities, and wages, which are allocated on the basis of reasonable estimates obtained from key management personnel.

GOT YOUR SIX SUPPORT DOGS  
NOTES TO THE FINANCIAL STATEMENTS  
OCTOBER 31, 2019

NOTE 7. NEW ACCOUNTING PRONOUNCEMENT

On August 18, 2016 the FASB issued ASU 2016-14 *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-For-Profit Entities*. The Organization has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively. The new standards change the following aspects of the Organization’s financial statements.

- If the Organization were to receive any, temporarily restricted and permanently restricted net asset classes will be combined into a single net asset class called *net assets with donor restrictions*.
- The unrestricted net asset class has been renamed *net assets without donor restrictions*.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 3)

The changes have the following effect on net assets at October 31, 2019:

Net Asset Class	As Originally Presented	After Adoption of ASU 2016-14
Temporarily restricted net assets	\$ 203,324	\$ -
Net assets with donor restrictions	-	203,324
Unrestricted net assets	210,865	-
Net assets without donor restrictions	-	210,865
Total net assets	<u>\$ 414,189</u>	<u>\$ 414,189</u>

NOTE 8. RESTRICTED CASH

The Organization’s restricted cash consists of \$265,964 held back in a construction loan through Bank of Hillsboro for building improvements, and \$203,324 of grant money the Organization has received but has not yet spent on grant expenses.

NOTE 9. INCOME TAXES

The organization applies the provisions of FASB Accounting Standards Codification 740, Income Taxes. The application of FASB Accounting Standards Codification 740 had no impact on the Organization’s financial statements and accordingly, no interest or penalties were accrued. Management believes it has no material uncertain tax positions or any related penalties and interest to accrue for the year ended October 31, 2019, and, accordingly, there is no liability for unrecognized tax benefit.

The Organization files tax returns in all appropriate jurisdictions. The open tax years are those years ending October 31, 2016 through October 31, 2019.

GOT YOUR SIX SUPPORT DOGS  
NOTES TO THE FINANCIAL STATEMENTS  
OCTOBER 31, 2019

NOTE 10. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events for potential recognition or disclosure through February 24, 2020, the date the financial statements were available to be issued. From this evaluation, no events were identified that met the criteria to be classified as a subsequent event subject to disclosure.