

VETS HELPING HEROES, INC.
REPORT ON AUDITS OF FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2017 AND 2016

VETS HELPING HEROES, INC.

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Report of Independent Auditors

To the Board of Directors of
Vets Helping Heroes, Inc.

We have audited the accompanying financial statements of Vets Helping Heroes, Inc. (a nonprofit organization), which comprise the statements of financial position as of April 30, 2017 and 2016, and the related statements of activities and cash flows 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 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 financial position of Vets Helping Heroes, Inc. as of April 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matter

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on page 9 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 audits 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 supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Templeton & Company, LLP

West Palm Beach, Florida

July 27, 2017

VETS HELPING HEROES, INC.
STATEMENTS OF FINANCIAL POSITION
April 30, 2017 and 2016

	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 121,401	\$ 133,805
Other current assets	675	675
Total current assets	122,076	134,480
Furniture and equipment, net of \$524 and \$177 accumulated depreciation	1,194	1,541
Total assets	\$ 123,270	\$ 136,021
LIABILITIES AND NET ASSETS		
Current liabilities	\$ -	\$ -
Net assets, unrestricted	123,270	136,021
Total liabilities and net assets	\$ 123,270	\$ 136,021

See accompanying notes to financial statements.

VETS HELPING HEROES, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended April 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Support and revenue - unrestricted:		
Grants and contributions	\$ 636,545	\$ 766,324
Interest and other revenue	<u>899</u>	<u>760</u>
Total support and revenue	<u>637,444</u>	<u>767,084</u>
Expenses:		
Program services	628,369	706,755
Supporting services:		
Management and general	<u>21,826</u>	<u>21,789</u>
Total expenses	<u>650,195</u>	<u>728,544</u>
Increase (decrease) in net assets - unrestricted	(12,751)	38,540
Net assets at beginning of year	<u>136,021</u>	<u>97,481</u>
Net assets at end of year	<u><u>\$ 123,270</u></u>	<u><u>\$ 136,021</u></u>

See accompanying notes to financial statements.

VETS HELPING HEROES, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended April 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (12,751)	\$ 38,540
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	347	177
Change in other current assets	-	(675)
Net cash provided by (used in) operating activities	(12,404)	38,042
Cash flows from investing activities:		
Purchases of property and equipment	-	(1,718)
Net increase (decrease) in cash and cash equivalents	(12,404)	36,324
Cash and cash equivalents, beginning of year	133,805	97,481
Cash and cash equivalents, end of year	\$ 121,401	\$ 133,805

See accompanying notes to financial statements.

VETS HELPING HEROES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 – Nature of Activities and Other Information

Vets Helping Heroes, Inc. (the Organization) was incorporated as a Florida not-for-profit corporation in 2007. The Organization provides financial support for assistance dogs trained by certified professionals both for veterans who have served honorably and active duty military personnel who have been injured during service in the U.S. Armed Forces. The Organization provides for the training of assistance dogs by funding other organizations that are directly responsible for training and placing dogs with qualifying recipients. The Organization receives support for its operations in the form of donations from the general public, including grants and contributions from private foundations and other not-for-profit organizations. The Organization inspects the dog training facilities to make sure they are providing quality training of the dogs and veterans as the Organization looks to add additional facilities to keep up with the demand.

Note 2 – Summary of Significant Accounting Policies

A summary of significant accounting policies used by the Organization in preparing its financial statements follows:

Basis of presentation

The Organization's financial statements are prepared on the accrual basis of accounting and in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*, which prescribes standards for financial statements for all not-for-profit organizations.

Net assets and revenues, expenses, gains and losses are classified as temporarily restricted, permanently restricted, or unrestricted based on the existence or absence, respectively, of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Unrestricted net assets – Net assets currently available for the support of the Organization's operations under the direction of the Board of Directors. During 2016, the Board decided to voluntarily maintain not less than \$100,000 in cash accounts. Such designated assets are included in unrestricted net assets.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization or the passage of time. The Organization does not have any donor-imposed temporarily restricted net assets as of April 30, 2017 and 2016.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the earnings on related investments for general or specific purposes. The Organization does not have any donor-imposed permanently restricted net assets.

Cash and concentration of credit risk

Cash includes amounts on deposit in general checking and savings accounts. The Organization maintains its cash with generally recognized banking institutions; and as of April 30, 2017 and 2016, cash balances did not exceed limits insured by the Federal Deposit Insurance Corporation.

VETS HELPING HEROES, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 2 – Summary of Significant Accounting Policies, Continued

Contributions and revenue

Contributions are generally available for unrestricted use in the year received unless specifically restricted by the donor. Unrestricted contributions of cash and donated assets, as well as unconditional promises to give, are recorded when received. Unconditional promises to give are recorded at present value using a risk-based discount rate for promises expected to be received greater than one year from the date of the financial statements.

Grants, unconditional promises to give, and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when either the stipulated time restriction ends or the purpose restriction is accomplished, temporarily restricted net assets are reclassified and reported in the statements of activities as net assets released from restrictions. Grants and contributions that are temporarily restricted by the grantor or contributor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Furniture and equipment

Furniture and equipment is stated at cost if purchased or, if acquired by contribution, at the estimated fair value on the date of contribution, less accumulated depreciation. The Organization provides for depreciation on furniture and equipment over the estimated useful lives of three to seven years using the straight-line method.

Accounting estimates

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

Income taxes

The Organization is recognized as exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in the financial statements.

Management analyzes tax positions in jurisdictions where it is required to file income tax returns. Interest and penalties attributable to income taxes, if any, are included in operating expenses. No such interest or penalties were recorded for the years ended April 30, 2017 and 2016. The Organization is no longer subject to income tax examinations for years prior to April 30, 2014.

Functional expenses

The Organization allocates its expenses on a functional basis among its program and various supporting services. Expenses that can be identified with a specific program and supporting service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases as determined by management.

VETS HELPING HEROES, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 2 – Summary of Significant Accounting Policies, Continued

Recent accounting pronouncements

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities, which aims to improve information provided to creditors, grantors, donors, and others while also reducing complexity and costs. The update is the first phase of a project regarding not-for-profits which aims to improve and simplify net asset classification requirements and improve information presented and disclosed in the financial statements about liquidity, cash flows, and financial performance. The update is effective retrospectively for financial statements issued for fiscal years beginning after December 15, 2017, with earlier application permitted. The Organization is currently evaluating the effect the update will have on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which amends existing guidance on accounting for leases. The update requires lessees to recognize a right-of-use asset and related lease liability for many operating leases currently off-balance sheet under current U.S. GAAP. The update is effective using a modified retrospective approach for fiscal years beginning after December 15, 2019, with early application permitted. The Organization is currently evaluating the effect the update will have on its financial statements.

Note 3 – Operating Lease Agreement

The Organization leases office space pursuant to a lease agreement that commenced on January 16, 2016 and expires on April 30, 2018. Rent expense for the years ended April 30, 2017 and 2016, was \$7,820 and \$2,625, respectively. Future minimum lease payments due under this operating lease subsequent to April 30, 2017 are \$9,000 for the year ending April 30, 2018.

Note 4 – Subsequent Events

The Organization evaluated events occurring subsequent to April 30, 2017 through July 27, 2017, the date on which the financial statements were available to be issued, for matters that should be recorded in the financial statements or disclosed in the footnotes thereto.

SUPPLEMENTARY INFORMATION

VETS HELPING HEROES, INC.
SCHEDULES OF FUNCTIONAL EXPENSES
For the Years Ended April 30, 2017 and 2016

	2017				2016			
	Program Services	Supporting Services		Total	Program Services	Supporting Services		Total
		Management and General	Fundraising			Management and General	Fundraising	
Bank fees	\$ 1,213	\$ 136	\$ -	\$ 1,349	\$ 1,595	\$ 72	\$ -	\$ 1,667
Contract services	52,905	15,185	-	68,090	66,283	18,264	-	84,547
Insurance	558	186	-	744	558	186	-	744
Licenses	5,129	1,709	-	6,838	2,416	805	-	3,221
Office supplies	13,830	4,610	-	18,440	7,387	2,462	-	9,849
Service dog sponsorships	550,016	-	-	550,016	625,973	-	-	625,973
Travel and meetings	4,371	-	-	4,371	2,366	-	-	2,366
Depreciation	347	-	-	347	177	-	-	177
Total expenses	\$ 628,369	\$ 21,826	\$ -	\$ 650,195	\$ 706,755	\$ 21,789	\$ -	\$ 728,544