

OPERATION DELTA DOG, INC.
FINANCIAL STATEMENTS
Year Ended June 30, 2023

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INDEPENDENT ACCOUNTANT'S AUDIT REPORT

To the Board of Directors
Operation Delta Dog, Inc.
Hollis, NH 03049

Opinion

We have audited the accompanying financial statements of Operation Delta Dog, Inc. (a Corporation), which comprise the statement of financial position as of June 30, 2023, 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 financial statements referred to above present fairly, in all material respects, the financial position of Operation Delta Dog, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Operation Delta Dog, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

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 Operation Delta Dog, Inc.'s ability

to continue as a going concern for a reasonable period of time, one year from the date the financial statements are available to be issued.

Auditor's Responsibility

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 not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with Generally Accepted Auditing Standards (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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, 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, but not for the purpose of expressing an opinion on the effectiveness of Operation Delta Dog, Inc.'s internal control. Accordingly, no such opinion is expressed.

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 Operation Delta Dog, 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.

Other Matter Regarding Financial Statements

Some of the beginning balances and account totals were not available to be verified by auditing procedures. This is in part due to change over of many of the Organizations directors and members between 2020 and 2024. Also, lack of confirmation with vendors and others that are no longer in business or are unavailable. Our opinion on these financial statements is not modified with respect to this matter.

Ernest L. Tomkiewicz CPA

Ernest L Tomkiewicz CPA PLLC

Concord, NH

January 18, 2024

OPERATION DELTA DOG, INC.
Statement of Financial Position
As of June 30, 2023

ASSETS

Current Assets

Cash \$ 110,618

Total Current Assets \$ **110,618**

Non-current assets

Fixed Assets \$ 142,638

Less: Accumulated Depreciation (99,024)

Net Fixed Assets 43,614

Lease Asset 110,500

Total Non-current Assets \$ **154,114**

TOTAL ASSETS \$ **264,732**

LIABILITIES

Current Liabilities \$ -

Total Current Liabilities \$ -

Non-current Liabilities

Lease Liability \$ 110,500

Total Non-current Liabilities \$ **110,500**

TOTAL LIABILITIES \$ **110,500**

NET ASSETS

Without Donor Restrictions \$

With Donor Restrictions 154,232

TOTAL NET ASSETS \$ **154,232**

TOTAL LIABILITIES AND NET ASSETS \$ **264,732**

See accompanying notes and independent accountant's audit report

OPERATION DELTA DOG, INC.
Statement of Activities
For the Year Ended June 30, 2023

Revenue		
Contributions	\$	390,282
Grants		42,403
Fundraising		226,524
Miscellaneous		32,583
Total Revenue	\$	691,792
Expenses		
Program Expenses	\$	569,477
Administration		27,275
Fundraising		55,559
Total Expenses	\$	652,311
Other Income		
PPP Loan Forgiveness	\$	81,000
CHANGE IN NET ASSETS		
With Donor Restrictions	\$	-
Without Donor Restrictions		120,481
Total Change in Net Assets	\$	<u>120,481</u>
NET ASSETS, Beginning	\$	<u>33,751</u>
NET ASSETS, Ending	\$	<u>154,232</u>

See accompanying notes and independent accountant's audit report

OPERATION DELTA DOG, INC.
Statement of Cash Flows
For the Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$	120,481
(Increase) decrease from operating assets		
Depreciation		19,285
Increase (decrease) from operating liabilities		

Net cash provided by operating activities \$ 139,766

CASH FLOWS FROM INVESTING ACTIVITIES \$ -

Net cash provided by investing activities \$ -

CASH FLOWS FROM FINANCING ACTIVITIES

PPP Loan Forgiveness \$ (81,000)

Net cash provided by financing activities \$ (81,000)

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS \$ 58,766

CASH AND CASH EQUIVALENTS, beginning of year \$ 51,852

CASH AND CASH EQUIVALENTS, end of year \$ 110,618

Interest Paid \$ -
Taxes Paid \$ -

See accompanying notes and independent accountant's audit report

Statement of Functional Expenses

For the Year Ended June 30, 2023

	Program Expenses	Administration	Fundraising	Total
Advertising	\$ 15,555	\$ -	\$ -	\$ 15,555
Adoption Costs	37,490	-	-	37,490
Depreciation	19,285	-	-	19,285
Employee Benefits	14,081	-	-	14,081
Facilities	21,248	21,248	-	42,496
Fundraising	-	-	55,559	55,559
Insurance	3,700	-	-	3,700
Operations	51,839	5,361	-	57,200
Payroll Services	-	666	-	666
Payroll Taxes	28,723	-	-	28,723
Staff Development	1,927	-	-	1,927
Veterinary	24,576	-	-	24,576
Wages	351,053	-	-	351,053
Total	\$ 569,477	\$ 27,275	\$ 55,559	\$ 652,311

See accompanying notes and independent accountant's audit report

OPERATION DELTA DOG, INC.
NOTES TO THE FINANCIAL STATEMENTS
As of June 30, 2023

NOTE A – THE ORGANIZATION

Nature of Operations

Each year, more than 80,000 dogs wind up homeless in Massachusetts and New Hampshire. Many of these animals are sweet-tempered and trainable, but there's just nowhere for them to go. Operation Delta Dog was founded in 2013 with a mission to improve those odds.

Assistance animals are a practical and successful way to reduce stress, treat depression, and manage panic attacks associated with PTSD, TBI, and MST. Trained dogs, however, are in short supply. Very few service dog organizations focus solely on veterans, and even fewer utilize rescue dogs in their programs.

Working with experienced trainers and positive-reinforcement methods, we rescue homeless dogs from shelters and breed-rescue groups and train them to work as service dogs with local veterans who are suffering with PTSD and TBI. Veterans can participate in training without leaving their jobs or families and find relief from the debilitating symptoms of PTSD, TBI, and MST.

Revenue

The Organization derives revenue from contributions, grants and fundraising.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions. For the year ended June 30, 2023, the Organization has no donor restricted funds.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing operations. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash and cash equivalents

The Organization considers cash, money market accounts and short-term, highly liquid investments with a maturity of three months or less, as cash in the financial statements. The balance of cash is held in FDIC insured bank accounts. There were no cash equivalents as of June 30, 2023. The Organization's cash balance at year end is \$110,618.

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 reported amounts of assets and liabilities and 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. Actual results could differ from those estimates.

Advertising Costs

The cost of all advertising is expensed as incurred by the Organization. The cost of advertising for the fiscal year ended June 30, 2023 is \$15,555.

Capitalization Policy

Assets over \$1,000 are capitalized and depreciated, or amortized, according to Organization depreciation/amortization policies.

Depreciation

Assets are depreciated along the following time frames: buildings 39 years, building improvements 39 years, equipment 5-7 years, furniture, and fixtures 3 years. Depreciation expense and accumulated depreciation for the year are \$19,285 and \$99,024, respectively.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue.

Conditional promises to give are not included as support until the conditions are met. As of June 30, 2023, the Organization has no contributions receivable.

Revenue Recognition

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of 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 statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

The Organization follows accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606). Under this guidance revenue is recognized when promised goods or services are transferred to the customer in an amount that reflects the consideration that is expected to be received for those goods or services.

Revenue from contracts with participants for training services are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing instruction in accordance with the contract. These amounts are due from participants, third-party payers and others and includes variable consideration for price concessions to participants. The Organization bills in advance and revenue is recognized as the performance obligation is met.

In Kind Donations and Contributed Services

Volunteers have made contributions of their time in furtherance of the Organization's mission. These services are not reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under US GAAP.

The Organization recognizes contribution revenue for certain services received at the fair value of those services provided if those services create or enhance non-financial assets or require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<i>Expense</i>	<i>Method of Allocation</i>
Program Services	Direct Costs

See accompanying independent accountant's audit report

Administrative Expenses

Direct Costs

Fundraising

Direct Costs

Income Taxes

The Organization is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization periodically reviews its processes to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

Leases

In February 2017, FASB issued ASU No. 2017-02, "Leases (Topic 842)," that requires organizations that lease assets, referred to as "lessees," to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases with lease terms of more than 12 months. ASU 2017-02 will also require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases and will include qualitative and quantitative requirements. The Organization has a lease for the space it occupies which meets the requirement for recognition. Accordingly, it recognizes a lease asset and corresponding lease liability in the financial statements. As of June 30, 2023, the balance in both accounts is \$110,500.

Fair Value Measurements

Financial Accounting Standards Board ("FASB") guidance specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 primarily consists of financial instruments whose value is based on quoted market prices such as exchange-traded instruments and listed equities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted prices of similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active).

Level 3 - Unobservable inputs for the asset or liability. Financial instruments are considered Level 3 when their fair values are determined using pricing models, discounted cash flows or similar techniques and at least one significant model assumption or input is unobservable.

Presentation

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) — *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of its financial statements accordingly. Donor restricted contributions whose restrictions are met in the same reporting period as they are received are reported as unrestricted support.

NOTE C - PROPERTY AND EQUIPMENT, NET

As of June 30, 2023, property and equipment consisted of the following:

Equipment	\$142,638
Accumulated Depreciation	<u>(99,024)</u>
Net	\$43,614

NOTE D - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets for the year ended June 30, 2023:

Cash	\$110,618
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For the year ended June 30, 2023, the Organization reports working capital without restrictions in the amount of \$110,618. The average days cash on hand for the year ended June 30, 2023, is 62 days.

NOTE E – RISK MANAGEMENT AND UNCERTAINTY

General

Business and operations are sensitive to general business and economic conditions in the United States. A host of factors beyond the Organization's control could cause fluctuations in these conditions. Adverse conditions may include recession, downturn or otherwise, changes in regulations or restrictions, or competition. These adverse conditions could affect the Organization's financial condition and the results of its operations. As of June 30, 2023, the Organization is operating as a going concern.

Insurance

The Organization is exposed to various risks of loss related to tort, theft of, damage to and destruction of assets, errors and omissions, and job-related illness or injuries to employees for which it carries commercial insurance to cover the risk of loss for both property and business liability. There are no known claims of incidents that may result in the assumption of material claims arising from potential losses as of June 30, 2023.

Monetary

The Company routinely maintains cash balances with banks in excess of the federally insured amount. This policy is routinely reviewed for sustainability and as of the date of management's review, has been found to be appropriate.

NOTE F – PAYCHECK PROTECTION PROGRAM LOANS

As of June 30, 2023, the Company has no unsecured loans outstanding due to the Small Business Administration (SBA) and administered by a local bank, as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act) Paycheck Protection Program (PPP). A loan in the amount of \$81,000 has been forgiven during fiscal year 2023.

NOTE G – LEASE SCHEDULE

The following is the schedule of payments due for a lease the organization holds for rented space:

Date	Amount
FYE 2024	\$31,550
FYE 2025	\$32,300
FYE 2026	\$33,050
FYE 2027	\$33,800
FYE 2028	<u>\$11,350</u>
Total	\$142,050

NOTE H - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, The Organization has evaluated events and transactions for potential recognition or disclosure through January 18, 2024, the date that the financial statements were available to be issued.