

# **OPERATION DELTA DOG, INC.**

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## **Reviewed Financial Statements**

**Years Ended June 30, 2020 and 2019**

# Operation Delta Dog, Inc.

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**STAFFORD, GAUDET & ASSOCIATES, LLC**  
Certified Public Accountants

**Independent Accountants’ Review Report**

To the Board of Trustees  
Operation Delta Dog, Inc.  
Hollis, New Hampshire

We have reviewed the accompanying financial statements of Operation Delta Dog, Inc., (a Massachusetts Non-Profit Corporation) which comprise the statement of financial position as of June 30, 2020, and the related statement of activities and net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management’s financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an 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.

**Accountant’s Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

**Accountant’s Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying June 30, 2020 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**  
**Change in Accounting Principles**

Change in Accounting Principles

As discussed in Note B to the financial statements, during the year ended June 30, 2020, the Organization adopted ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. As a result, the standards were retrospectively applied to the financial statements for the year ending June 30, 2020. Our opinion is not modified with respect to these matters.

*Stafford, Gaudet & Associates, LLC*

STAFFORD, GAUDET & ASSOCIATES, LLC  
Chelmsford, MA  
January 18, 2022

# Operation Delta Dog, Inc.

## Statement of Financial Position

<i>June 30,</i>	<b>2020</b>		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 29,994	\$ -	\$ 29,994
Inventory	5,235	-	5,235
Prepaid expenses	3,832	-	3,832
Total Current Assets	39,061	-	39,061
<b>Property and Equipment, net</b>	104,674	-	104,674
<b>Other Assets</b>			
Security Deposit	6,000	-	6,000
Trademark	3,329	-	3,329
Total Other Assets	9,329	-	9,329
<b>Total Assets</b>	\$ 153,064	\$ -	\$ 153,064
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 772	\$ -	\$ 772
Accrued expenses	15,332	-	15,332
Accrued interest - PPP loan	88	-	88
Payroll liability	7,613	-	7,613
Current portion of PPP loan	758	-	758
Total Current Liabilities	24,563	-	24,563
<b>Long-Term Debt</b>			
PPP loan, net of current portion	45,842	-	45,842
<b>Net Assets</b>			
Without donor restrictions	82,659	-	82,659
With donor restrictions	-	-	-
Total Net Assets	82,659	-	82,659
<b>Total Liabilities and Net Assets</b>	\$ 153,064	\$ -	\$ 153,064

*See accompanying notes and independent accountants' review report.*

# Operation Delta Dog, Inc.

## Statement of Financial Position

<i>June 30,</i>	2019			
	Net Assets Without Donor Restrictions		Net Assets With Donor Restrictions	
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$	154,418	\$	- \$ 154,418
Certificate of deposit		75,192		- 75,192
Inventory		6,541		- 6,541
Prepaid expenses		7,387		- 7,387
Total Current Assets		243,538		- 243,538
<b>Property and Equipment, net</b>		126,083		- 126,083
<b>Other Assets</b>				
Security Deposit		6,000		- 6,000
Trademark		3,329		- 3,329
Total Other Assets		9,329		- 9,329
<b>Total Assets</b>	\$	378,950	\$	- \$ 378,950
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Accrued expenses	\$	22,465	\$	- \$ 22,465
Payroll liability		14,587		- 14,587
Total Current Liabilities		37,052		- 37,052
<b>Net Assets</b>				
Without donor restrictions		341,898		- 341,898
With donor restrictions		-		- -
Total Net Assets		341,898		- 341,898
<b>Total Liabilities and Net Assets</b>	\$	378,950	\$	- \$ 378,950

*See accompanying notes and independent accountants' review report.*

**Operation Delta Dog, Inc.**  
**Statement of Activities and Net Assets**

<i>Year Ended June 30,</i>	<b>2020</b>		
	Without Donor Restrictions	With Donor Restrictions	
<b>Support and Revenue</b>			
Support			
Contributions and pledges	\$ 157,385	\$ -	\$ 157,385
Grant	85,016	-	85,016
Fundraising	55,760	-	55,760
Total Support	298,161	-	298,161
Revenue			
Merchandise sales, net	2,012	-	2,012
Total Support and Revenue	300,173	-	300,173
<b>Expenses</b>			
Program services	363,285	-	363,285
Management and general	144,514	-	144,514
Fundraising	51,613	-	51,613
Total Expenses	559,412	-	559,412
<b>Change in Net Assets</b>	( 259,239 )	-	( 259,239 )
<b>Net Assets, Beginning of Year</b>	341,898	-	341,898
<b>Net Assets, End of Year</b>	\$ 82,659	\$ -	\$ 82,659

*See accompanying notes and independent accountants' review report.*

**Operation Delta Dog, Inc.**  
**Statement of Activities and Net Assets**

<i>Year Ended June 30,</i>	2019		
	Without Donor Restrictions	With Donor Restrictions	
<b>Support and Revenue</b>			
Support			
Contributions and pledges	\$ 129,325	\$ 20,000	\$ 149,325
Fundraising	108,996	-	108,996
Grant	103,563	-	103,563
Donated goods and services	50	-	50
Net assets released from restrictions	25,378	( 25,378 )	-
<b>Total Support</b>	<b>367,312</b>	<b>( 5,378 )</b>	<b>361,934</b>
Revenue			
Merchandise sale, net	1,163	-	1,163
Interest income	192	-	192
<b>Total Revenue</b>	<b>1,355</b>	<b>-</b>	<b>1,355</b>
<b>Total Support and Revenue</b>	<b>368,667</b>	<b>( 5,378 )</b>	<b>363,289</b>
<b>Expenses</b>			
Program services	403,529	-	403,529
Management and general	200,360	-	200,360
Fundraising	47,605	-	47,605
<b>Total Expenses</b>	<b>651,494</b>	<b>-</b>	<b>651,494</b>
<b>Change in Net Assets</b>	<b>( 282,827 )</b>	<b>( 5,378 )</b>	<b>( 288,205 )</b>
<b>Net Assets, Beginning of Year</b>	<b>624,725</b>	<b>5,378</b>	<b>630,103</b>
<b>Net Assets, End of Year</b>	<b>\$ 341,898</b>	<b>\$ -</b>	<b>\$ 341,898</b>

*See accompanying notes and independent accountants' review report.*



# Operation Delta Dog, Inc.

## Statement of Functional Expenses

<i>Year Ended June 30</i>	Program	Management and General	Fundraising	2020
Salaries	\$ 221,515	\$ 66,126	\$ 23,754	\$ 311,395
Rent	31,758	10,436	-	42,194
Payroll taxes	22,487	8,031	1,606	32,124
Employee benefits	17,148	4,287	-	21,435
Depreciation and amortization	17,515	3,894	-	21,409
Veterinary services	20,852	-	-	20,852
Dog food and supplies	16,145	-	-	16,145
Fundraising	-	-	14,112	14,112
Professional fees	-	12,541	-	12,541
Marketing and outreach	120	87	11,160	11,367
Supplies	3,784	7,495	-	11,279
Travel and meetings	-	11,082	123	11,205
Utilities	5,557	1,389	-	6,946
Office	1,413	5,243	-	6,656
Insurance	3,195	2,355	-	5,550
Contract services	-	3,342	-	3,342
Telephone	-	2,895	-	2,895
Dues, fees, and subscriptions	-	2,321	-	2,321
Payroll service fees	1,111	556	556	2,223
Professional development	-	1,437	-	1,437
Business registration fees	-	676	-	676
Equipment rental	438	-	-	438
Conferences	246	123	-	369
Miscellaneous	-	-	302	302
Postage and mailing	-	110	-	110
PPP loan interest	-	88	-	88
Application and veteran training	1	-	-	1
<b>Total Functional Expenses</b>	<b>\$ 363,285</b>	<b>\$ 144,514</b>	<b>\$ 51,613</b>	<b>\$ 559,412</b>

# Operation Delta Dog, Inc.

## Statement of Functional Expenses

<i>Year Ended June 30</i>	Program	Management and General	Fundraising	2019
Salaries	\$ 263,051	\$ 91,691	\$ 20,324	\$ 375,066
Rent	28,602	14,287	-	42,889
Payroll taxes	21,767	7,415	1,483	30,665
Professional fees	-	30,388	-	30,388
Dog food and supplies	23,804	-	-	23,804
Employee benefits	16,487	4,194	-	20,681
Supplies	3,363	17,291	-	20,654
Veterinary services	18,992	-	-	18,992
Fundraising	-	-	18,688	18,688
Depreciation and amortization	9,983	3,564	-	13,547
Contract services	687	9,693	-	10,380
Marketing and outreach	2,923	239	5,665	8,827
Dues, fees, and subscriptions	-	7,802	-	7,802
Utilities	5,321	1,330	-	6,651
Office	224	6,091	-	6,315
Insurance	3,427	1,273	-	4,700
Equipment rental	2,319	-	-	2,319
Payroll service fees	541	1,082	541	2,164
Conferences	1,270	635	-	1,905
Telephone	-	1,889	-	1,889
Printing and copying	-	706	-	706
Business registration fees	-	686	-	686
Travel and meetings	-	20	635	655
Vehicle	397	-	-	397
Application and veteran training	371	-	-	371
Miscellaneous	-	-	219	219
Postage and mailing	-	84	-	84
Donated goods and services	-	-	50	50
<b>Total Functional Expenses</b>	<b>\$ 403,529</b>	<b>\$ 200,360</b>	<b>\$ 47,605</b>	<b>\$ 651,494</b>

See accompanying notes and independent accountants' review report.

# Operation Delta Dog, Inc.

## Statement of Cash Flows

<i>Year Ended June 30,</i>	2020	2019
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ ( 259,239 )	\$ ( 288,205 )
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	21,409	13,547
Interest income	-	( 192 )
(Increase) decrease in assets		
Inventory	1,306	( 6,541 )
Prepaid expenses	3,555	( 213 )
Increase (decrease) in liabilities:		
Accounts payable	772	-
Accrued expenses	( 7,133 )	17,700
Accrued interest - PPP loan	88	-
Payroll liability	( 6,974 )	( 3,874 )
<b>Net Cash Used in Operating Activities</b>	<b>( 246,216 )</b>	<b>( 267,778 )</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from PPP loan	46,600	-
Purchase of property and equipment	-	( 77,640 )
Proceeds from certificate of deposit	75,192	( 75,000 )
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>121,792</b>	<b>( 152,640 )</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>( 124,424 )</b>	<b>( 420,418 )</b>
<b>Cash and Cash Equivalents Including Restricted Amounts, Beginning of Year</b>	<b>154,418</b>	<b>574,836</b>
<b>Cash and Cash Equivalents Including Restricted Amounts, End of Year</b>	<b>\$ 29,994</b>	<b>\$ 154,418</b>

Operation Delta Dog, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020 and 2019

**NOTE A – ORGANIZATION AND PURPOSE**

Operation Delta Dog, Inc. (the “Organization”) is a Massachusetts nonprofit corporation that was founded in 2013 with a mission to rescue and train homeless dogs to become service dogs for United States veterans with Post-Traumatic Stress Disorder (PTSD), Traumatic Brain Injury, (TBI), and related challenges.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Adoption of New Accounting Standard**

The Bureau has adopted ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which establishes standards for characterizing changes during the period in the total cash, cash equivalents and amounts generally described as restricted cash and restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The standard was retrospectively applied to the financial statements for the year ending June 30, 2019.

**Basis of Accounting**

The Organization maintains its accounting records on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) and accordingly reflect all significant receivables, payables, and other liabilities. Revenues are recognized when earned or contributed and expenses are recognized when incurred.

**Basis of Presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

**Cash and Cash Equivalents**

The Organization considers all highly liquid debt instruments with a maturity of three months or less when acquired to be cash equivalents. Cash is held in bank demand deposit accounts which may, at times, exceed federally insured limits. The Organization believes it is not exposed to any

Operation Delta Dog, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020 and 2019

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**Cash and Cash Equivalents- continued**

significant credit risk with respect to cash and cash equivalents and has not experienced any losses in such accounts.

**Certificate of Deposit**

The Organization carries short-term investments in certificate of deposits with readily determined fair values at the fair value in the statements of financial position.

**Inventory**

The Organization launched an online store during the year ending June 30, 2019. The Organization's inventory for the online store consists of merchandise available for sale located on their website. Inventory values have been recorded at the lower of cost or net realized value. The value of inventory as of June 30, 2020 and 2019 was \$5,235 and \$6,541, respectively.

**Property and Equipment**

Equipment, furniture and fixtures, and leasehold improvements are stated at cost if purchased or fair value at the date of contribution if contributed. The cost or repairs and maintenance are charged to expense when incurred. Depreciation and amortization are provided using the straight-line method over the estimated useful lives as follows:

Website	3 years
Equipment and vehicles	5 years
Furniture and fixtures	7 years
Leasehold improvements	Lesser of lease term or useful life

Depreciation and amortization expense for the year ended June 30, 2020 and 2019 was \$21,409 and \$13,547, respectively.

**Forgivable Loans – Paycheck Protection Program (PPP)**

The Companies' policy is to account for forgivable loans received through the Small Business Administration (SBA) under Coronavirus Aid, Relief and Economic Security Act (CARES Act) Paycheck Protection Program (PPP), as debt in accordance with Accounting Standards Codification (ASC) 470, Debt, and other related accounting pronouncements. The forgiveness of debt, in whole or in part, is recognized once the debt is extinguished, which occurs when the Companies are legally released from the liability by the SBA. Any portion of debt forgiven, adjusted for accrued interest costs, is recorded as a gain on extinguishment of debt, and presented in the other income section of the statement of income and members' equity.

Operation Delta Dog, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020 and 2019

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Compensated Absences**

Employees of the Organization are entitled to paid vacation, depending on length of service. Management has determined that such amounts are not material to the financial position of the Organization and, therefore, there is no provision in these financial statements.

**Support Recognition**

Program service revenues are recorded when earned.

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

Contributions received with donor-imposed restrictions are reported as revenues and as net assets with donor restrictions when they are received. A reclassification to net assets without donor restrictions is made to reflect the expiration of such restrictions in the year the restrictions are met. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as net assets without donor restrictions.

Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues and as net assets without donor restrictions when they are received. Contributions of cash or other assets to be used to acquire property and equipment with donor stipulations are reported as revenues and as net assets with donor restrictions, and the restrictions are considered to be released at the time of acquisition of such long-lived assets.

Contributions of services are reported as revenues and expenses and as net assets without donor restrictions at the fair value of the services received only if the services create or enhance a non-financial asset or would typically need to be purchased by the Organization if they had not been provided by individuals with those skills. Contributions of materials to be used in program operations are reported as revenues and expenses of the net assets without donor restrictions net at the time the materials are received. Donated goods and services for the years ending 2020 and 2019 were \$0 and \$50, respectively.

**Revenue Recognition**

The Organization derives its revenue primarily from the sale of merchandise from its on line store. Revenues are recognized when control of these products are transferred to their customers, in the amount that reflects the consideration the Organization expects to be entitled to in exchange for those products. Incidental items that are immaterial in the context of the contracts are recognized as expenses. The Organization does not have any significant financing components as payment is received at the point of sale. Merchandise is shipped to customers

Operation Delta Dog, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020 and 2019

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Revenue Recognition - continued**

within 48 hours. All merchandise sales that cannot be completed are immediately refunded to the customer. All the Organization's merchandise sale contracts with customers were completed before the end of June 30, 2020.

**Use of Estimates**

The preparation of financial statements in conformity with the accounting principles generally accepted in the United States of America 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.

**Functional Allocation of Expenses**

The costs of providing programs and other activities have been summarized on a functional basis in the statements of activity and changes in net assets, and in the statement of functional expenses. Certain costs have been allocated among the programs and supporting services benefitted. These expenses include depreciation, salaries, payroll taxes, maintenance, insurance, uniforms and supplies. Depreciation is allocated based on estimated use of square footage. Other expenses are allocated based on estimates of time and effort.

**Marketing and Outreach**

The Organization expenses marketing and outreach costs as they are incurred. Marketing and outreach expenses for the year ended June 30, 2020 and 2019 were \$11,367 and \$8,827, respectively.

**Income Taxes**

The Organization is exempt from federal and state income taxes for general purpose operations under Section 501(c)(3) of the Internal Revenue Code and is not considered to be a private foundation; therefore, no provision for income taxes has been made in these financial statements. The Organization's tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of these returns.

**Fundraising and Special Events**

Fundraising costs are recorded as an expense when incurred and the related revenue is included as revenue and support from fundraising events.

Operation Delta Dog, Inc.  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020 and 2019

**NOTE C – SECURITY DEPOSIT**

During the year ended June 30, 2018, the Organization entered into a lease agreement which required a security deposit.

Building Lease

A deposit of \$6,000 was paid as agreed upon under the five-year lease agreement for the Organization’s operating and training facility. The security deposit may be used by the Landlord to cure any default or breach under the lease agreement, and to the extent not so used shall be returned to the Organization upon the termination of the lease agreement.

Security deposit for the year ended June 30, 2020 and 2019 was \$6,000.

**NOTE D– PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Vehicle	\$ 39,999	\$ 39,999
Equipment	20,747	20,747
Furniture and fixtures	12,676	12,676
Signage	2,400	2,400
Website	3,106	3,106
Leasehold improvements	<u>63,710</u>	<u>63,710</u>
	142,638	142,638
Less accumulated depreciation and amortization	<u>37,964</u>	<u>16,555</u>
	<u>\$ 104,674</u>	<u>\$ 126,083</u>

**NOTE E – ACCRUED EXPENSES AND PAYROLL LIABILITIES**

Accrued expenses and payroll liabilities consist of the following as of June 30:

	<u>2020</u>	<u>2019</u>
State filing fees	\$ 125	\$ 265
Accounting fees	9,500	22,200
Payroll liability	7,613	14,587
Fundraising	<u>5,707</u>	<u>-</u>
	<u>\$ 22,945</u>	<u>\$ 37,052</u>



Operation Delta Dog, Inc.  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020 and 2019

**NOTE F – LONG-TERM DEBT – PAYCHECK PROTECTION PROGRAM**

Long-term debt – Paycheck Protection Program consists of the following as of June 30, 2020:

Note balance	\$	46,600
Less current portion		<u>758</u>
Long-term debt- PPP	\$	<u><u>45,842</u></u>

As of June 30, 2020, the Organization has unsecured loans outstanding in the amount of \$46,600, due to the Small Business Administration (SBA) and administrated by a local bank, as part of the *Coronavirus Aid, Relief and Economic Security Act (CARES Act)* Paycheck Protection Program (PPP).

Under the terms of the notes dated April 21, 2020, loan payments are deferred until the Organization receives notification from the SBA as to the amount of the loans forgiven. Thereafter, total monthly payments are due in the amount of \$797, including interest at one percent per annum, which approximates the effective interest rate. The note is due on October 21, 2025.

The loan terms provide that a portion of all the loan is forgivable to the extent that the Organization use the loan proceeds to fund qualifying payroll and other expenses during a designed 24-week period. On May 6, 2021, the Organization received notification from the SBA that the entire loan balance of \$46,600 has been forgiven.

Annual maturities of long-term debt – PPP are as follows as of June 30:

2021	\$	758
2022		9,142
2023		9,234
2024		9,327
2025		9,420
2026		<u>8,719</u>
	\$	<u><u>46,600</u></u>

Interest expense was \$88 in 2020.

**NOTE F – FUNDRAISING EVENTS**

The Organization conducted the following fundraising event reported on the Statements of Activities and Net Assets for the years ended June 30:

Operation Delta Dog, Inc.  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020 and 2019

**NOTE F – FUNDRAISING EVENTS - continued**

	<u>2020</u>	<u>2019</u>
	<u>Walk &amp; Wag</u>	<u>Walk &amp; Wag</u>
Gross Proceeds	\$ 21,774	\$ 8,996
Direct Expenses	(10,710)	(18,688)
Net	<u>\$ 11,064</u>	<u>\$ (9,692)</u>

**NOTE G – OPERATING LEASES**

Executive Office

On February 21, 2018, the Organization signed a lease agreement for its executive office at 321 Billerica Road, Chelmsford, Massachusetts. The Organization leases the office space as a tenant-at-will for a monthly fee of \$600. The lease was terminated in April 2020.

Building Lease

The Organization leases space at the 19G Clinton Drive for its administrative offices and training facilities in Hollis, New Hampshire. On November 3, 2017, the Organization signed a lease for 3,000 square feet of the building for the period November 1, 2017 through October 31, 2022.

The Organization has a one-time option to extend the lease for five years. In order to exercise this option, the Organization must notify the lessor no less than one hundred eighty days prior to the date the term is scheduled to expire. Improvements to the facility are capitalized as leasehold improvements and amortized over the remaining extended lease period or the improvements useful life, whichever is shorter. Rental payments under the lease for the initial year is \$6.20 per rentable square foot or \$18,600 annually. In each subsequent year of the lease, the rent will be adjusted by an increase of \$750 (\$.25 psf) on each anniversary of the commencement date.

For the year ending June 30, 2020 and 2019, rent expense was \$42,194 and \$42,889, respectively.

Estimated future obligations under both leases for the next five years are as follows:

Year ending June 30,	<u>Facility</u>
2021 \$	20,600
2022	21,350
2023	7,200
\$	<u>49,150</u>

Operation Delta Dog, Inc.  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020 and 2019

**NOTE H – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the statement of financial position date, comprise of the following as of June 30,

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 29,994	\$ 154,418
Certificates of deposit	-	<u>75,192</u>
	<u>\$ 29,994</u>	<u>\$ 229,610</u>

**NOTE I – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through January 18, 2022, which represents the date the financial statements were available to be issued.

On May 6, 2021, the Organization received notification from the SBA that the entire loan balances totaling \$46,600 has been forgiven. On the forgiveness date, the Organization removed the loan balance and related accounts, and recorded in other income on their statement of activities and net assets, a gain on the extinguishment of debt in the amount of \$46,688, reflective of the \$46,600 loan forgiven and \$88 of accrued interest forgiven.

During October 2021, the Organization received its second PPP loan in the amount of \$12,000 from the Small Business Administration (SBA) as part of *Coronavirus Aid, Relief and Economic Security Act's* Paycheck Protection Plan, as amended by the *Consolidated Appropriations Act, 2021*.

Under the terms of the loan, a portion or all of the loan is forgivable to the extent that loan proceeds are used to fund eligible expenses and the Organization satisfies other conditions.

Subsequent events after that date have not been evaluated.