



K9SFOR**WARRIORS**

**Financial Statements
Year Ended December 31, 2013**

Roy Miller & Associates
Certified Public Accountants
Jacksonville, Florida

K9's For Warriors, Inc.

December 31, 2013

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MPayWrite Systems, Inc. dba
Roy Miller & AssociatesEstablished
1976**Certified Public Accountants**

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Independent Auditor's Report

To the Board of Directors
K9's For Warriors, Inc.

We have audited the accompanying financial statements of K9's For Warriors, Inc., which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and cash flows 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 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 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 of 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 K9's For Warriors, Inc. as of December 31, 2013, 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.



Roy Miller and Associates
Certified Public Accountants
Jacksonville, Florida
April 17, 2014

K9's For Warriors, Inc.

Statement of Financial Position

December 31, 2013

Assets

Current Assets

Cash and cash equivalents	\$ 1,000,792
Stock investments	17,722

Total Current Assets 1,018,514

Property, Plant and Equipment

Service animal kennels	14,047
Leasehold improvements	27,735
Furniture and equipment	20,803
Vehicles	6,000

68,585

Less: accumulated depreciation (13,274)

Total Property, Plant and Equipment, net 55,311

Total Assets \$ 1,073,825

Liabilities and Net Assets

Current Liabilities

Credit cards	\$ 19,988
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Total Current Liabilities 19,988

Total Liabilities 19,988

Net Assets

Unrestricted net assets 1,053,837

Total Net Assets 1,053,837

Total Liabilities and Net Assets \$ 1,073,825

K9's For Warriors, Inc.

Statement of Activities

Year Ended December 31, 2013

Changes In Unrestricted Assets

Support and Revenues:

Contributions	\$ 1,262,749
Donated stocks	16,805
Fundraising	7,838
Interest income	169
Other income	1,386

Total Support and Revenues 1,288,947

Expenses:

Program services	
Consulting	35,190
Health and fitness	661
Service dogs	29,610
Allocated program services (schedule 1)	453,011
Total program services	<u>518,472</u>

Fundraising expenses	
K9's fundraising events	5,917
Allocated fundraising (schedule 1)	87,000
Total fundraising expenses	<u>92,917</u>

General and administrative	
Allocated general and administrative expenses (schedule 1)	81,124
Total general and administrative	<u>81,124</u>

Total Expenses 692,513

Increase (decrease) in net assets 596,434

Unrealized gain on marketable securities	917
Net assets, at beginning of year	<u>456,486</u>

Unrestricted net assets \$ 1,053,837

K9's For Warriors, Inc.

Statement of Cash Flow

Year Ended December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Operating income	\$ 596,434
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	8,028
Net unrealized gain on investments	917
(Increase) decrease in investments	(17,722)
Increase (decrease) in credit cards	19,987
Increase (decrease) in payroll liabilities	(6,206)
	<hr/>
Total Adjustments	5,004
	<hr/>
Net Cash Provided by (Used in) Operating Activities	601,438

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

601,438

CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD

399,354

CASH AND CASH EQUIVALENTS AT END OF PERIOD

\$ 1,000,792

Supplemental Disclosures

Interest Paid	\$ -
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K9's For Warriors, Inc.

Notes to the Financial Statements
Year Ended December 31, 2013

Note 1 - Nature of Activities

K9s for Warriors (the Organization) is a not-for-profit organization (incorporated) founded in 2011, committed to providing service dogs to military troops and veterans suffering from post traumatic stress disorder. K9s for Warriors' focus is on canines trained to serve wounded warriors suffering from post-traumatic stress disorder as a result of their military service. K9s for Warriors trains the dogs and matches them with soldiers, who work with their dogs for three weeks. Many of the canines are rescues, but some come from private donors.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation - The financial statements have been prepared following accounting and reporting standards issued by the Financial Accounting Standards Board and are in compliance with the American Institute of Certified Public Accountants' Audit Guide for Not-for-Profit Organizations.

Basis of Accounting - The accompanying financial statements are presented on the accrual basis of accounting and have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

Cash and Cash Equivalents - Cash and cash equivalents include money market funds.

Investments - Investments are comprised of stocks and are recorded in the accompanying financial statements at fair market value. Fair market value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between participants at the measurement date.

Buildings and Equipment - Building and equipment are recorded at cost. Depreciation is computed over the estimated useful lives of the respective assets on a straight-line basis. Estimated lives used for computing depreciation are: buildings – 40 years, equipment – 5 to 20 years, vehicles – 7 years, leasehold improvements - 15 years.

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 at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Revenue Recognition - K9's for Warriors, Inc., recognizes all unconditional contributed support in the period in which the commitment is made. Unconditional contributed support is reported as unrestricted when there is no existence of donor stipulations.

Note 3 - Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and is not a private foundation.

Note 4 - Related Party Transactions

The Organization rented a recreational vehicle from board member and founder Bob Duval for the use of temporary housing for the property manager. The vehicle was rented on monthly basis from February 2013 until March of 2013, for \$500 a month.

K9's For Warriors, Inc.

Notes to the Financial Statements
Year Ended December 31, 2013

Note 5 – Leases

The Organization has a lease for facilities. The lease was entered into on October of 2012. The Organization leases its space monthly under the terms of non-cancelable lease expiring in 2014. Rental expense under the lease was \$2,085 per month beginning October 2012.

Future lease payments are:

2014	\$	20,850
		<u>20,850</u>

Note 6 – Investments

Investments, at fair market value, as of December 31, 2013, were comprised of the following:

Stocks		\$	17,722
	Total	\$	<u>17,722</u>

For the year ended December 31, 2013, investment returns consisted of the following:

Interest and dividends		\$	19
Unrealized gains (losses), net			917
	Total	\$	<u>936</u>

Interest and dividend income of \$19 is included in interest income in the accompanying statement of activities.

Note 7 – Property and Equipment

The Organization held the following fixed assets as of December 31, 2013:

Service animal kennels		14,047
Leasehold improvements		27,735
Furniture and equipment		20,803
Vehicles		<u>6,000</u>
	Total property and equipment	68,585
	Less: Accumulated depreciation	<u>(12,824)</u>
	Property and equipment, net	<u>55,761</u>

During the year ended December 31, 2013, the Organization recorded depreciation of \$ 8,028.

Note 8 – Functional Allocation of Expenses

The costs of providing the various functions, programs, and other activities of the Organization have been summarized on a functional basis in the statement of activities. Administrative, travel and occupancy costs are allocated between program services, fundraising, and general and administrative expenses on the basis of usage statistics.

K9's For Warriors, Inc.

Notes to the Financial Statements
Year Ended December 31, 2013

Note 9 – Concentration of Credit Risk

K9's for Warriors, Inc. has bank accounts at Wells Fargo in which the total balance of all accounts exceeds the \$250,000 FDIC insured limits by \$750,792.

Note 10 – Legal Matters

As of December 31, 2013, K9's for Warriors has no pending lawsuits underway whereby they were the defendant.

Note 11 – Subsequent Events

Pursuant to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 855-10-50-1, subsequent events have been evaluated through the issue date of April 17, 2014.

Supplemental Schedule

K9's For Warriors, Inc.

Schedule of General and Administrative Expenses Year Ended December 31, 2013 Schedule 1

	<u>Programs</u>	<u>Operations</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 210,402	\$ 51,007	\$ 57,382	\$ 318,791
Advertising	22,696	-	4,005	26,701
Appearance fees	-	-	15,000	15,000
Vehicle expense	10,561	-	-	10,561
Rent expense	29,863	-	-	29,863
Depreciation	8,028	-	-	8,028
Facilities and equipment	2,539	-	-	2,539
Insurance	6,247	1,102	-	7,349
Donations and gifts	1,200	8,466	-	9,666
Grounds maintenance	14,334	2,529	-	16,863
Office supplies and expense	66,371	2,484	2,130	70,985
Taxes and licenses	17,606	5,054	4,778	27,438
Fees	1,970	1,856	-	3,826
Travel	27,486	3,516	959	31,961
Dues and subscriptions	6,784	-	-	6,784
Meals and entertainment	15,956	1,039	2,363	19,358
Miscellaneous expense	-	2,668	-	2,668
Utilities	10,968	1,403	383	12,754
Total General and Administrative Expense	\$ 453,011	\$ 81,124	\$ 87,000	\$ 621,135