

# PETS FOR PATRIOTS, INC.

## FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

**PETS FOR PATRIOTS, INC.**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Pets For Patriots, Inc.

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Pets For Patriots, Inc. ("the Organization") (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, 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 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 Organization'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 Organization'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 Pets For Patriots, Inc. as of December 31, 2018 and 2017, 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.

**MBAF CPAs, LLC**

New York, NY  
May 17, 2019

An Independent Member of Baker Tilly International

**PETS FOR PATRIOTS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2018 AND 2017**

<b>ASSETS</b>	<b>2018</b>	<b>2017</b>
Cash	\$ 125,227	\$ 106,733
Investments	438,653	469,669
Contributions receivable	13,575	11,415
Interest receivable	2,352	2,676
Prepaid expenses	15,663	5,508
Property and equipment, net	2,088	14,630
	<b>\$ 597,558</b>	<b>\$ 610,631</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts payable and other liabilities	\$ 1,459	\$ 1,440
Credit card payable	23,742	14,456
	<b>25,201</b>	<b>15,896</b>
<b>NET ASSETS:</b>		
Without donor restrictions	551,456	581,610
With donor restrictions	20,901	13,125
	<b>572,357</b>	<b>594,735</b>
	<b>\$ 597,558</b>	<b>\$ 610,631</b>

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

**PETS FOR PATRIOTS, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Contributions	\$ 335,860	\$ 307,013
Investment (loss) income	<u>(12,464)</u>	<u>25,343</u>
	323,396	332,356
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of program restrictions	<u>17,153</u>	<u>12,901</u>
TOTAL REVENUES, INCOME AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	<u>340,549</u>	<u>345,257</u>
EXPENSES		
Program	319,293	254,146
Management and general	25,337	19,558
Fundraising	<u>26,073</u>	<u>19,149</u>
	<u>370,703</u>	<u>292,853</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>(30,154)</u>	<u>52,404</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	24,929	7,380
Net assets released from restrictions	<u>(17,153)</u>	<u>(12,901)</u>
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	<u>7,776</u>	<u>(5,521)</u>
CHANGE IN NET ASSETS	(22,378)	46,883
NET ASSETS - BEGINNING OF YEAR	<u>594,735</u>	<u>547,852</u>
NET ASSETS - END OF YEAR	<u><b>\$ 572,357</b></u>	<u><b>\$ 594,735</b></u>

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

**PETS FOR PATRIOTS, INC.**  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
EXPENSES				
Veterans' pet food bank program and veterinary care subsidies	\$ 107,586	\$ -	\$ -	\$ 107,586
Officer salary	74,025	4,113	4,113	82,251
Salaries	42,975	-	1,325	44,300
Payroll taxes and benefits	17,900	995	995	19,890
Development and fundraising	-	-	10,152	10,152
Printing and advertising	16,331	-	860	17,191
Office supplies and expenses	-	4,457	-	4,457
Travel and hotel	1,129	141	141	1,411
Computer and website	33,709	1,873	1,873	37,455
Professional fees	11,144	11,144	-	22,288
Depreciation and amortization	5,268	1,756	5,518	12,542
Miscellaneous	9,226	858	1,096	11,180
<b>TOTAL EXPENSES</b>	<b><u>\$ 319,293</u></b>	<b><u>\$ 25,337</u></b>	<b><u>\$ 26,073</u></b>	<b><u>\$ 370,703</u></b>

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

**PETS FOR PATRIOTS, INC.**  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
EXPENSES				
Veterans' pet food bank program and veterinary care subsidies	\$ 69,232	\$ -	\$ -	\$ 69,232
Officer salary	75,075	4,171	4,171	83,417
Salaries	26,100	-	700	26,800
Payroll taxes and benefits	18,818	1,045	1,045	20,908
Development and fundraising	-	-	3,697	3,697
Printing and advertising	7,775	-	409	8,184
Office supplies and expenses	-	4,980	-	4,980
Travel and hotel	896	112	112	1,120
Computer and website	43,123	2,396	2,396	47,915
Professional fees	3,100	3,100	-	6,200
Depreciation and amortization	5,273	1,758	5,525	12,556
Miscellaneous	4,754	1,996	1,094	7,844
<b>TOTAL EXPENSES</b>	<b><u>\$ 254,146</u></b>	<b><u>\$ 19,558</u></b>	<b><u>\$ 19,149</u></b>	<b><u>\$ 292,853</u></b>

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

**PETS FOR PATRIOTS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
Cash flows from operating activities:		
Change in net assets	\$ (22,378)	\$ 46,883
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	12,542	12,556
Realized (gain) loss on investments	(7,215)	2,092
Unrealized loss (gain) on investments	27,138	(20,140)
Changes in operating assets and liabilities:		
Contributions receivable	(2,160)	16,102
Interest receivable	324	(205)
Prepaid expenses	(10,155)	8,262
Accounts payable and other liabilities	19	(6,557)
Credit card payable	9,286	2,898
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>7,401</u>	<u>61,891</u>
Cash flows from investing activities:		
Proceeds from sale of investments	456,181	89,571
Purchase of investments	<u>(445,088)</u>	<u>(95,725)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>11,093</u>	<u>(6,154)</u>
NET INCREASE IN CASH	18,494	55,737
CASH, BEGINNING OF YEAR	<u>106,733</u>	<u>50,996</u>
<b>CASH, END OF YEAR</b>	<b><u>\$ 125,227</u></b>	<b><u>\$ 106,733</u></b>

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



## **PETS FOR PATRIOTS, INC.**

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### **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017**

#### **1. ORGANIZATION**

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Pets For Patriots, Inc. (the "Organization") is a nonprofit organization exempt from income tax under Section 501 (c)(3) of the United States Internal Revenue Code. The Organization's mission is to transform the lives of our veterans by helping them save an at-risk shelter dog or cat, to end animal homelessness in the United States and enrich the lives of the men and women who serve and have served our country. The Organization also provides access to additional cost reductions for veterinary services and pet basics.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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##### **Financial Statement Presentation**

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

##### **Investments**

Investments are recorded at fair value based upon quoted market prices. The related dividend and interest income is recorded as unrestricted income in the statements of activities.

##### **Contributions Receivable**

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and nature of any donor restrictions. 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 Organization has determined that no allowance for uncollectible receivables is necessary as of December 31, 2018 and 2017. Such determination is based on management's assessments of the creditworthiness of its contributors, the aged basis of its receivables, as well as current economic conditions and historical information.

##### **Property and Equipment**

Property and equipment is stated at cost less accumulated depreciation. The Organization capitalizes all assets having a useful life of more than one year and a cost greater than \$500. Purchases below \$500 are expensed at the time of acquisition. Depreciation and amortization is calculated using a straight-line basis over the estimated useful lives of the assets. Maintenance and repairs are charged to operations as incurred; additions and betterments are capitalized.

##### **Revenue Recognition and Net Assets**

Transfers of cash or other assets or settlement of liabilities that are both voluntary and nonreciprocal are recognized as contributions. Reciprocal transfers in which each party receives and sacrifices goods or services with approximate commensurate value are recognized as exchange transactions.

Contributions may either be conditional or unconditional. A contribution is considered conditional when the donor imposes both a barrier and a right of return. Conditional contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity and other stipulations related to the contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event the Organization fails to overcome one or more barriers. Assets received before the barrier is overcome are accounted for as refundable advances.

## **PETS FOR PATRIOTS, INC.**

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### **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017**

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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### **Revenue Recognition and Net Assets (continued)**

Unconditional contributions may or may not be subject to donor-imposed restrictions. Donor-imposed restrictions limit the use of the donated assets but are less specific than donor-imposed conditions. Net assets incorporating contributions with or without donor restrictions are defined as follows:

Net Assets with Donor Restrictions consist of contributions and other inflows of assets whose use is subject to donor-imposed restrictions that are more specific than broad limits reflecting the nature of the not-for-profit entity, the environment in which it operates, and the purposes specified in its articles of incorporation or bylaws or comparable documents. Donor-imposed restrictions may be temporary in nature, such as stipulating that resources may be used only after a specified date or limited to specific programs or services. Certain donor-imposed restrictions are perpetual in nature.

Net Assets without Donor Restrictions consist of contributions and other inflows of assets whose use is not subject to donor-imposed restrictions. This net asset category includes both contributions not subject to donor restrictions and sponsorships and other exchange transactions.

Unconditional contributions without donor restrictions are recognized as revenue or support in changes in net assets without donor restrictions when received or promised. Contributions subject to donor restrictions are recognized as changes in net assets with donor restrictions. When a purpose restriction is satisfied or when a time restriction expires, the contribution is reported as net assets released from restrictions and is recognized in changes in net assets without donor restrictions.

### **Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Expenses that can be directly identified with the program or supporting services to which they relate are charged accordingly. Certain expenses have been allocated among program and supporting service classifications using payroll allocations or based on benefits received.

### **Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP 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.

### **Subsequent Events**

The Organization has evaluated events through May 17, 2019, which is the date the financial statements were available to be issued.

### **Income Taxes**

The Organization files informational returns in the federal and New York State jurisdictions. The Organization is generally no longer subject to income tax examinations by the Internal Revenue Service or New York State for returns filed before 2015.

The accounting standard for uncertainty in income taxes prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, disclosure, and transition.

## PETS FOR PATRIOTS, INC.

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### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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### Income Taxes (continued)

The Organization may be subject to audit by tax authorities. The Organization believes that it has appropriate support for the positions taken on its tax returns. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year. Management believes that its nonprofit status would be sustained upon examination.

Should there be interest on underpayments of income tax, the Organization would classify it as "Interest Expense." The Organization would classify penalties in connection with underpayments of income tax as "Other Expense."

### Fair Value Measurements and Fair Value - Definition and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Accounting standards establish a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the most observable units be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about inputs used by market participants at the measurement date. The fair value hierarchy is categorized into three levels based on inputs as follows:

Level 1 - Valuation based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Valuation based on quoted prices for similar assets or liabilities in active markets; for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally or corroborated by observable market data by correlation or other means.

Level 3 - Valuation based on inputs that are unobservable and significant to the overall fair value measurement.

### Adopted Accounting Pronouncements

#### *Financial Statement Presentation*

During the year ended December 31, 2018, the Organization adopted Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update amends the current reporting model for not-for-profit organizations and enhances their required disclosures. The major changes include, but are not limited to: (a) requiring the presentation of two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions," (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations on gifts used to acquire or construct long-lived assets absent explicit donor restrictions otherwise, (d) requiring the presentation of an analysis of expenses by function and nature, (e) requiring the disclosure of information regarding liquidity and availability of resources, and (f) presenting investment return net of external and direct internal investment expenses. In addition, the update removes the requirement that statements of cash flows using the direct method also present a reconciliation consistent with the indirect method.

## PETS FOR PATRIOTS, INC.

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### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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### Adopted Accounting Pronouncements (continued)

#### *Financial Statement Presentation (continued)*

The Organization has applied the update retrospectively to all periods presented and adjusted the presentation of these financial statements accordingly. As a result, the Organization reclassified amounts formerly classified as temporarily restricted net assets to net assets with donor restrictions. In addition, the Organization reclassified amounts formerly classified as unrestricted net assets to net assets without donor restrictions. The adoption of this update had no other material effect on the Organization's financial position and changes in net assets. In addition, the Organization has elected to continue to present the statements of cash flows using the indirect method.

#### *Contributions*

During the year ended December 31, 2018, the Organization adopted Accounting Standards Update 2018-08, Not-for-Profit Entities (Topic 958) – *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The update provides guidance in evaluating whether transactions should be accounted for as contributions or as an exchange transaction and determining whether a contribution is conditional or not. The adoption of this update had no effect on the Organization's financial position and changes in net assets.

### Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting standards update which affects the revenue recognition of entities that enter into either (1) certain contracts to transfer goods or services to customers or (2) certain contracts for the transfer of nonfinancial assets. The update indicates an entity should recognize revenue in an amount that reflects the consideration the entity expects to be entitled to in exchange for the goods or services transferred by the entity. The update is to be applied to the beginning of the year of implementation or retrospectively and is effective for annual periods beginning after December 15, 2018 and in interim periods in annual periods beginning after December 15, 2019. Early application is permitted but no earlier than annual reporting periods beginning after December 31, 2016. The Organization is currently evaluating the effect the update will have on its financial statements.

In August 2016, the FASB issued an accounting standards update to reduce diversity in practice on eight specific statement of cash flows issues. The update is effective retrospectively for financial statements issued for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, with early adoption permitted. The Organization is currently evaluating the effect the update will have on its financial statements.

## 3. INVESTMENTS

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The valuation methodologies used to determine the fair values of assets and liabilities under the "exit price" notion reflect market-participant objectives and are based on the application of the fair value hierarchy that prioritizes observable market inputs over unobservable inputs. The Organization determines the fair values of certain financial assets based on quoted market prices.

Exchange traded funds, corporate debt securities, U.S. Government and agency obligations, and mutual funds are recorded at fair value using quoted market prices.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**PETS FOR PATRIOTS, INC.**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

**3. INVESTMENTS (CONTINUED)**

The Organization's investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risks associated with these investments, it is at least reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position and the statements of activities.

The following tables present by level, within the fair value hierarchy, the Organization's investments at fair value as of December 31, 2018 and 2017. As required by fair value measurement accounting standards, investments are classified in their entirety based upon the lowest level of input that is significant to the fair value measurement. The investments are all classified as net assets without donor restrictions.

	Fair Value on a Recurring Basis	Quoted Market Prices in Active Market for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2018</u>				
Exchange traded funds	\$ 96,813	\$ 96,813	\$ -	\$ -
Corporate debt securities	175,807	175,807	-	-
U.S. Government and agency obligations	160,770	160,770	-	-
Mutual funds	5,263	5,263	-	-
	<b>\$ 438,653</b>	<b>\$ 438,653</b>	<b>\$ -</b>	<b>\$ -</b>
	Fair Value on a Recurring Basis	Quoted Market Prices in Active Market for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2017</u>				
Exchange traded funds	\$ 114,157	\$ 114,157	\$ -	\$ -
Corporate debt securities	182,440	182,440	-	-
U.S. Government and agency obligations	173,072	173,072	-	-
	<b>\$ 469,669</b>	<b>\$ 469,669</b>	<b>\$ -</b>	<b>\$ -</b>

# PETS FOR PATRIOTS, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

### 3. INVESTMENTS (CONTINUED)

The aggregate cost basis, gross unrealized gains and losses, and fair market value of the stocks and mutual funds at December 31, 2018 and 2017 are as follows:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<u>December 31, 2018</u>				
Exchange traded funds	\$ 94,300	\$ 2,513	\$ -	\$ 96,813
Corporate debt securities	181,526	-	(5,719)	175,807
U.S. Government and agency obligations	166,236	-	(5,466)	160,770
Mutual funds	5,296	-	(33)	5,263
	<b>\$ 447,358</b>	<b>\$ 2,513</b>	<b>\$ (11,218)</b>	<b>\$ 438,653</b>
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<u>December 31, 2017</u>				
Exchange traded funds	\$ 87,850	\$ 26,307	\$ -	\$ 114,157
Corporate debt securities	186,120	-	(3,680)	182,440
U.S. Government and agency obligations	183,253	-	(10,181)	173,072
	<b>\$ 457,223</b>	<b>\$ 26,307</b>	<b>\$ (13,861)</b>	<b>\$ 469,669</b>

Investment activity for the years ended December 31, 2018 and 2017 is as follows:

<u>December 31,</u>	2018	2017
Investments, beginning of year	\$ 469,669	\$ 445,467
Purchase of investments	445,088	95,725
Sale of investments	(456,181)	(89,571)
Realized gain (loss)	7,215	(2,092)
Unrealized (loss) gain	(27,138)	20,140
Investments, end of year	<b>\$ 438,653</b>	<b>\$ 469,669</b>

## PETS FOR PATRIOTS, INC.

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

#### 4. LIQUIDITY MANAGEMENT AND AVAILABILITY OF RESOURCES

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization maintains, on average, \$90,000 in its checking account for general and recurring expenditures and obligations. The Organization invests cash in excess of monthly requirements, aggregated over a year in cash equivalents, which are highly liquid investments with an initial maturity of three to nine months.

<u>December 31,</u>	<u>2018</u>	<u>2017</u>
Cash	\$ 125,227	\$ 106,733
Investments	438,653	469,669
Contributions receivable	13,575	11,415
Total financial assets available within one year	<u>577,455</u>	<u>587,817</u>
Less: amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	<u>20,901</u>	<u>13,125</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 556,554</u>	<u>\$ 574,692</u>

#### 5. PROPERTY AND EQUIPMENT

At December 31, 2018 and 2017, property and equipment consists of the following:

	<u>2018</u>	<u>2017</u>	<u>Useful Life</u>
Equipment	\$ 2,956	\$ 2,956	5 years
Website and software	68,013	68,013	3 years
	70,969	70,969	
Less: accumulated depreciation and amortization	<u>(68,881)</u>	<u>(56,339)</u>	
	<u>\$ 2,088</u>	<u>\$ 14,630</u>	

Depreciation and amortization expense for the years ended December 31, 2018 and 2017 amounted to \$12,542 and \$12,556, respectively.

#### 6. CONCENTRATIONS

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000.

The Organization received approximately 14% and 13% of its total revenue from one major grantor during the years ended December 31, 2018 and 2017, respectively.

**PETS FOR PATRIOTS, INC.**

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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

**7. NET ASSETS WITH DONOR RESTRICTIONS**

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Net assets with donor restrictions of \$20,901 and \$13,125 were purpose-restricted for veterinary care at December 31, 2018 and 2017, respectively.

Net assets of \$17,153 and \$12,901 were released from donor restrictions by satisfying the restricted purpose during the years ended December 31, 2018 and 2017, respectively.





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