

PAWS ASSISTING VETERANS

Financial Statements

For the Year Ended December 31, 2023

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Geoffrey Dougall, CPA
Heather Jackson, CPA
Richard Winkel, CPA
Members of AICPA & OSCP

Independent Auditor's Report

**To the Board of Directors
Paws Assisting Veterans
Portland, Oregon**

Opinion

We have audited the accompanying financial statements of Paws Assisting Veterans (a nonprofit organization), which comprise the statement of financial position as of December 31, 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 Paws Assisting Veterans as of December 31, 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 audit in accordance with auditing standards generally accepted in the United States of America. 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 Paws Assisting Veterans and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Paws Assisting Veterans' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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 is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Paws Assisting Veterans' 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 Paws Assisting Veterans' 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.

Dougall Conradie LLC

Portland, Oregon
April 5, 2024

PAWS ASSISTING VETERANS
STATEMENT OF FINANCIAL POSITION

December 31, 2023

ASSETS

Current assets:

Cash and cash equivalents	\$ 910,252
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Total assets	<u>\$ 910,252</u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 2,095
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Accrued payroll	<u>1,208</u>
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Total liabilities	<u>3,303</u>
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NET ASSETS

Net Assets:

Without restrictions	<u>906,949</u>
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Total net assets	<u>906,949</u>
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Total liabilities and net assets	<u>\$ 910,252</u>
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The accompanying notes are an integral part to the financial statements

PAWS ASSISTING VETERANS

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2023

Revenues:	
Grants	\$ 124,232
Contributions	123,683
Interest income	<u>3,261</u>
Total revenues	<u>251,176</u>
Expenses:	
Program services	208,561
General and administrative	8,475
Fundraising services	<u>7,127</u>
Total expenses	<u>224,163</u>
Change in net assets	27,013
Net assets, beginning of year	<u>879,936</u>
Net assets, end of year	<u><u>\$ 906,949</u></u>

The accompanying notes are an integral part to the financial statements

PAWS ASSISTING VETERANS

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2023

	Program Services	General and Administrative	Fundraising	Total
Wages	\$ 40,422	\$ 2,409	\$ 2,078	\$ 44,909
Payroll Taxes	3,397	203	175	3,775
Professional services	618	3,252	39	3,909
Office	8,462	189	128	8,779
Occupancy	22,244	2,328	1,293	25,865
Travel	598	-	-	598
Insurance	1,286	72	87	1,445
Dog training	69,325	-	-	69,325
Veteran training	46,042	-	-	46,042
Veterinary	2,827	-	-	2,827
Program supplies	11,991	-	-	11,991
Education	1,105	-	69	1,174
Postage	244	-	-	244
Fundraising	-	22	3,258	3,280
Total	<u>\$ 208,561</u>	<u>\$ 8,475</u>	<u>\$ 7,127</u>	<u>\$ 224,163</u>

The accompanying notes are an integral part to the financial statements

PAWS ASSISTING VETERANS

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

Cash flows from operating activities:	
Cash received from grants, contributions and other	\$ 247,915
Cash received from interest	3,261
Cash paid to employees and suppliers	<u>(224,320)</u>
Net cash provided by operating activities	<u>26,856</u>
Net change in cash	26,856
Cash and cash equivalents, beginning of year	<u>883,396</u>
Cash and cash equivalents, end of year	<u><u>\$ 910,252</u></u>

The accompanying notes are an integral part to the financial statements

PAWS ASSISTING VETERANS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NOTE A – ORGANIZATION

Paws Assisting Veterans (the “Organization”) is a nonprofit corporation organized in the State of Oregon. The Organization dedicated to training service dogs for veterans with mental and/or physical disabilities and to advance knowledge of service dogs and the essential roles they play. The Organization receives support from grants and contributions.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied in the preparation of the accompanying financial statements follows.

Basis of 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, where by 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 in the statements of activities.

Cash and Cash Equivalents

The Organization considers all short-term debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization deposits its cash in financial institutions covered by the Federal Deposit Insurance Corporation (FDIC) of \$250,000. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. At December 31, 2023, \$156,328 of cash balances were in excess of FDIC insurance limits. The Organization cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

PAWS ASSISTING VETERANS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Contributions

Grants and 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.

Fair Value of Financial Instruments

Due to the short-term nature of cash equivalents, receivables, accounts payable and other accrued liabilities, their fair value approximates carrying value.

Income Taxes

The Organization received a tax determination letter indicating that it qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and comparable state law. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. The Organization's federal and state income tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations on those tax returns. In general, the federal and state income tax returns have a three-year statute of limitations.

Fundraising Expenses

The Organization follows the guidance in ASC 958-720 related to accounting for costs of activities that include fundraising. As a result, if a fundraising activity contains joint costs that might be allocated to programs or other activities, specific criteria regarding the audience and purpose of activity will be considered before costs will be allocated. If the criteria are not met, all costs are reported as fundraising expenses. During the year ended December 31, 2023 no joint costs were allocated to programs or other activities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Expenses

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

PAWS ASSISTING VETERANS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The expenses that were allocated include the following:

Salaries and benefits	Time and effort
Occupancy	Square footage
Professional services	Time and effort
Office expenses	Time and effort
Insurance	Time and effort

NOTE C – AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets at December 31, 2023:

Financial assets at year end:	
Cash and cash equivalents	\$ <u>910,252</u>
Total financial assets available	\$ <u>910,252</u>

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. The Organization’s cash needs are expected to be met on a monthly basis from regular revenue sources. In general, the Organization maintains sufficient financial assets on hand to meet normal operating expenditures and to reserve for future needs.

NOTE D – LEASES

The Organization leases office space under an operating lease agreement. The lease has terms requiring monthly lease payments on a month to month basis with no expiration date. Total rent expense during the year ended December 31, 2023 was \$25,865.

NOTE E – SUBSEQUENT EVENTS

The Organization has evaluated for subsequent events through April 5, 2024, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended December 31, 2023.