

CANINE PARTNERS FOR LIFE

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

**YEAR ENDED June 30, 2023
(With Comparative Totals for 2022)**

CANINE PARTNERS FOR LIFE

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Independent Auditor's Report

Board of Directors
Canine Partners for Life
Cochranville, Pennsylvania

Opinion

We have audited the accompanying financial statements of Canine Partners for Life (a nonprofit organization), 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 Canine Partners for Life as of June 30, 2023, and the changes in 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 Canine Partners for Life 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 Canine Partners for Life's 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 Canine Partners for Life'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 Canine Partners for Life'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.

Report on Summarized Comparative Information

We have previously audited Canine Partners for Life's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 13, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



SNYDER, DAITZ & COMPANY
Philadelphia, PA

October 30, 2023

CANINE PARTNERS FOR LIFE

STATEMENT OF FINANCIAL POSITION

June 30, 2023

(With Comparative Totals for 2022)

ASSETS

	<u>2023</u>	<u>2022</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 1,958,754	\$ 1,997,448
Grants and contributions receivable	214,190	116,345
Accounts receivable	670	620
Prepaid expenses	37,745	4,500
Total Current Assets	<u>\$ 2,211,359</u>	<u>\$ 2,118,913</u>
<u>NON-CURRENT ASSETS</u>		
Investments, at market value	\$ 429,897	\$ 448,454
Grants and contributions receivable	136,134	208,974
Property and equipment, (net of depreciation of \$2,262,344 and \$2,068,450)	3,998,069	4,164,696
Pre-construction costs	57,082	21,656
	<u>\$ 4,621,182</u>	<u>\$ 4,843,780</u>
 Total Assets	 <u>\$ 6,832,541</u>	 <u>\$ 6,962,693</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 12,195	\$ 24,397
Payroll and withholding payable	40,567	37,623
Total Current Liabilities	<u>\$ 52,762</u>	<u>\$ 62,020</u>
 <u>TOTAL LIABILITIES</u>	 <u>\$ 52,762</u>	 <u>\$ 62,020</u>
 <u>NET ASSETS</u>		
Without donor restrictions	\$ 5,711,223	\$ 5,869,537
With donor restrictions	1,068,556	1,031,136
	<u>\$ 6,779,779</u>	<u>\$ 6,900,673</u>
 Total Liabilities and Net Assets	 <u>\$ 6,832,541</u>	 <u>\$ 6,962,693</u>

The accompanying letter and notes are an integral part of this statement.

CANINE PARTNERS FOR LIFE

STATEMENT OF ACTIVITIES Year ended June 30, 2023 (With Comparative Totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
REVENUE				
Contributions	\$ 1,167,321	\$ 106,015	\$ 1,273,336	\$ 1,265,243
Special events	193,344		193,344	180,337
Investment income	19,274	3,717	22,991	26,455
Rent	5,175		5,175	5,775
Other revenue	8,512		8,512	9,210
Net assets released from restrictions	72,312	(72,312)	0	0
Total Support and Revenue	\$ 1,465,938	\$ 37,420	\$ 1,503,358	\$ 1,487,020
EXPENSES AND LOSSES				
Program services				
Breeding and puppy raising	\$ 517,582		\$ 517,582	\$ 546,019
Training and follow-up	385,217		385,217	441,923
General education	379,605		379,605	378,891
	\$ 1,282,404		\$ 1,282,404	\$ 1,366,833
Support services				
Administration	161,621		161,621	188,245
Fundraising	167,390		167,390	143,988
Capital campaign	12,837		12,837	9,904
Total Expenses	\$ 1,624,252	0	\$ 1,624,252	\$ 1,708,970
Net unrealized losses on investments	0	0	0	60,142
Total Expenses and Losses	\$ 1,624,252	\$ -	\$ 1,624,252	\$ 1,769,112
Change in Net Assets	\$ (158,314)	\$ 37,420	\$ (120,894)	\$ (282,092)
Net Assets, Beginning	5,869,537	1,031,136	6,900,673	7,182,765
Net Assets, Ending	\$ 5,711,223	\$ 1,068,556	\$ 6,779,779	\$ 6,900,673

The accompanying letter and notes are an integral part of this statement.

CANINE PARTNERS FOR LIFE

STATEMENT OF FUNCTIONAL EXPENSES Year ended June 30, 2023 (With Comparative Totals for 2022)

	PROGRAM SERVICES				SUPPORTING SERVICES					
	BREEDING AND PUPPY RAISING	TRAINING AND FOLLOW-UP	GENERAL EDUCATION	SUBTOTAL	MANAGEMENT AND GENERAL	FUNDRAISING	CAPITAL CAMPAIGN	TOTAL	TOTAL 2023	TOTAL 2022
PERSONNEL										
Salaries	\$ 179,227	\$ 216,145	\$ 215,014	\$ 610,386	\$ 98,114	\$ 117,756	\$ 8,785	\$ 224,655	\$ 835,041	\$ 873,555
Payroll tax expense	13,570	17,103	15,680	46,353	7,429	8,916	598	16,943	63,296	65,141
Employee benefits	4,526	12,345	9,921	26,792	5,066	7,271	545	12,882	39,674	62,023
	<u>\$ 197,323</u>	<u>\$ 245,593</u>	<u>\$ 240,615</u>	<u>\$ 683,531</u>	<u>\$ 110,609</u>	<u>\$ 133,943</u>	<u>\$ 9,928</u>	<u>\$ 254,480</u>	<u>\$ 938,011</u>	<u>\$ 1,000,719</u>
Audit and accounting	0	0	0	0	12,164	0	0	12,164	12,164	9,750
Bank fees	0	0	0	0	202	0	0	202	202	1,500
Breeding	8,273	0	0	8,273	0	0	0	0	8,273	13,774
Computer and communications	11,691	10,021	9,352	31,064	1,670	688	0	2,338	33,402	34,803
Continuing education	0	1,798	0	1,798	0	0	0	0	1,796	1,339
Development / public relations	0	19,694	19,694	39,388	0	5,421	0	5,421	44,809	39,785
Dog expenses, feeding and bedding	36,882	0	0	36,882	0	0	0	0	36,882	55,577
Insurance	11,615	9,956	9,292	30,863	1,659	664	0	2,323	33,186	35,688
Legal fees	0	0	0	0	3,700	0	0	3,700	3,700	6,788
Logo items	0	3,477	1,000	4,477	0	0	0	0	4,477	4,670
Miscellaneous	0	3,507	39	3,546	948	0	0	948	4,494	571
Postage	165	2,954	2,000	5,119	0	465	0	465	5,584	8,354
Professional memberships	5,600	0	0	5,600	0	0	0	0	5,600	7,268
Professional fees	0	0	0	0	9,782	0	1,874	11,656	11,656	9,748
Repair and maintenance	13,584	11,644	10,868	36,096	5,741	776	0	6,517	42,613	53,393
Special events	0	9,205	25,018	34,223	0	20,697	0	20,697	54,920	45,029
Supplies	9,472	1,200	3,805	14,477	5,438	132	1,035	6,605	21,082	24,500
Taxes - property	262	253	0	515	51	61	0	112	627	611
Travel	2,685	1,500	2,854	7,039	0	700	0	700	7,739	4,364
Utilities and trash removal	12,095	11,356	10,665	34,116	1,728	691	0	2,419	36,535	39,880
Veterinarian	121,216	0	0	121,216	0	0	0	0	121,216	81,507
Volunteers	1,390	0	0	1,390	0	0	0	0	1,390	0
Depreciation	85,329	53,061	44,403	182,793	7,929	3,172	0	11,101	193,894	229,352
	<u>\$ 517,582</u>	<u>\$ 385,217</u>	<u>\$ 379,605</u>	<u>\$ 1,282,404</u>	<u>\$ 161,621</u>	<u>\$ 167,390</u>	<u>\$ 12,837</u>	<u>\$ 341,848</u>	<u>\$ 1,624,252</u>	<u>\$ 1,708,970</u>

The accompanying letter and notes are an integral part of this statement.

CANINE PARTNERS FOR LIFE

STATEMENT OF CASH FLOWS Year ended June 30, 2023 (With Comparative Totals for 2022)

	<u>2023</u>	<u>2022</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ (120,894)	\$ (282,092)
Adjustments to reconcile to cash from operations		
Depreciation	193,894	229,352
(Gain) Loss on disposition of securities	(6,854)	44,498
Interest and dividends	(12,663)	(13,293)
Contributions restricted for capital project	(123,989)	(101,000)
In-kind receipt of securities	(14,405)	(18,844)
(Increase) decrease in:		
Grants receivable	(25,005)	153,580
Accounts receivable	(50)	-
Prepaid expenses	(33,245)	22,481
Increase (decrease) in:		
Accounts payable and accrued expenses	(12,202)	(2,740)
Payroll and withholding payable	2,944	8,410
Net cash provided (used) by operating activities	<u>\$ (152,469)</u>	<u>\$ 40,352</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from sale of investments	\$ 75,416	\$ 68,760
Interest and dividends	12,663	13,293
Purchase of investments, net of fees	(35,600)	(28,387)
Purchase of property and equipment	(27,267)	(34,794)
Preconstruction costs	(35,426)	0
Net cash provided (used) by investments	<u>\$ (10,214)</u>	<u>\$ 18,872</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Contributions restricted for capital project	<u>\$ 123,989</u>	<u>\$ 101,000</u>
Net Increase (decrease) in Cash for Year	\$ (38,694)	\$ 160,224
Cash balance, beginning	<u>1,997,448</u>	<u>1,837,224</u>
Cash balance, ending	<u><u>\$ 1,958,754</u></u>	<u><u>\$ 1,997,448</u></u>

The accompanying letter and notes are an integral part of this statement.

CANINE PARTNERS FOR LIFE

NOTES TO FINANCIAL STATEMENTS **June 30, 2023 and 2022**

NOTE 1 – THE ORGANIZATION

The mission of the Canine Partners for Life is to enhance the independence and quality of life of individuals with physical, developmental, and cognitive disabilities or who are in other situations of need. The mission is achieved by providing and sustaining professionally trained service and companion dogs.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Date of Management's Review

Subsequent events were evaluated through October 30, 2023, which is the date the financial statements were available to be issued.

Basis of Accounting

The Organization prepares its financial statements in accordance with accounting principles generally accepted in United States of America, which involves the application of accrual accounting. Consequently, revenues and gains are recognized when earned and expenses and losses are recognized when incurred.

Basis of Presentation

The financial statements are presented in accordance with FASB ASC 958 Presentation of Financial Statements of Not-for-Profit Entities. Under FASB ASC 958, the Organization is required to report 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 with donor restrictions are detailed in Note 8.

Management Estimates

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

Cash

Cash and other highly liquid investments with maturities of three months or less are considered to be cash equivalents.

Cash includes balances restricted to use within the guidelines of grants from the Organization's funding sources. These balances totaled approximately \$758,000 and \$669,000 as of June 30, 2023 and 2022.

Investments

Investments are reported at their fair market value in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

An account with a financial services firm is insured by the Security Investors Protection Corporation (SIPC) up to \$500,000. The balance exceeds that limit.

A portion of the investments is restricted as detailed above.

CANINE PARTNERS FOR LIFE

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Allowance for Uncollectible Amounts

Each account receivable and grant receivable is evaluated separately by management on a regular basis to determine collectability. An allowance for uncollectible amounts, if any, is based on this determination. There was no allowance at June 30, 2023 or 2022, as all amounts were considered collectible. When a question of the collectability of a particular receivable arises, it is written off or reserved for at that time. Recoveries of items previously charged off are recognized as income when received.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. Depreciation of property and equipment is provided over the estimated useful lives of the related assets using the straight-line method. Major renewals and improvements are recorded to the assets accounts while maintenance and repairs which do not improve or extend the life of the respected assets are expensed.

The estimated useful lives of depreciable assets are:

Buildings and improvements	15 - 40 years
Furniture and equipment	5 - 10 years

Revenue

Exchange Transactions

The Organization accounts for its revenue from application fees and providing program supplies, as exchange transactions. Revenue is recognized in the statement of activities when earned, and any amounts received but not earned are recorded as refundable advances on the statement of financial position.

Contributions

In accordance with FASB ASC 958 (formerly SFAS No. 116) Accounting for Contributions Received and Contributions Made, contributions received are recorded as "without donor restrictions" or "with donor restrictions", depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as without donor restriction if the restriction expired in the reporting period in which the contribution was recognized.

All other donor-restricted support is reported as an increase in with donor restricted net assets. 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 Statement of Activities as net assets released from restrictions. Only a donor can impose a restriction; the Board may designate contributions for a purpose, but the contribution is classified as unrestricted in that case. If a contribution is made with a donor-imposed condition, it is not recorded until the condition has been met.

The organization has received a conditional five-year pledge for \$50,000, payable upon groundbreaking for a new training facility, which is not yet recorded in the financial statements.

Promises to Give

Unconditional promises to give are recognized as support in the period received and as net assets, decreases of liabilities, or expenses depending on the form of the benefits received. Unconditional promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

CANINE PARTNERS FOR LIFE

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 2 – SUMMARY OF AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Functional Allocation of Expenses

Salaries and benefits are allocated based on estimates of individual employee's time and effort. Occupancy expense, insurance, communications, utilities and interest are allocated based on the percentages derived from the estimated allocation of salaries. Professional fees, including those for legal, accounting and financial fees, which can be related directly to either program or administrative, are reflected as such. Cost including breeding, veterinary, feeding, bedding and other dog expenses, memberships and education are related directly to the Organization's programs and are thus reflected as program costs. Cost including public relations, logo items, postage, printing, events, supplies, travel and other miscellaneous expenses are allocated based on the cost, usage and related benefits of the specific goods and services provided. Certain other costs including equipment, repair and maintenance, and depreciation are allocated directly for items where applicable, with remaining items allocated based on the cost, usage and related benefits of the specific items.

Income Taxes

Canine Partners for Life is a nonprofit corporation exempt from taxation under Section 501(c)(3) of the Internal Revenue Code.

Canine Partners for Life regularly reviews and evaluates its tax positions taken in previously filed information returns and as reflected in its financial statements, with regard to issues affecting its tax-exempt status, unrelated business income, and related matters. The Organization believes that in the event of an examination by taxing authorities, the Organization's positions would prevail based upon the technical merits of such positions. Therefore, the Organization has concluded that no tax benefits or liabilities are required to be recognized.

Reclassifications

Certain prior year amounts have been reclassified to conform with the June 30, 2023 presentation.

NOTE 3 – LIQUIDITY MANAGEMENT

Canine Partners for Life's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Financial assets at year end:	
Cash and cash equivalents	\$1,958,754
Grants and contributions receivable	350,324
Accounts receivable	670
Investments	<u>429,897</u>
Total financial assets	<u>\$2,739,645</u>
Less: Amounts not available to be used within one year:	
Net assets with purpose restrictions	
Cash	(\$ 757,985)
Grants and contributions receivable	(218,274)
Net assets with time restrictions beyond one year	
Grants and contributions receivable	(50,000)
Investments:	
Chester County Community Foundation	(19,527)
Delaware Community Foundation	<u>(21,445)</u>
	<u>(\$1,067,231)</u>
Financial assets available to meet general expenditures	
Over the next year	<u>\$1,672,414</u>

CANINE PARTNERS FOR LIFE

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 3 – LIQUIDITY MANAGEMENT – CONTINUED

Cash and cash equivalents of \$1,958,754 reflected on the statement of financial position includes \$757,985 of cash restricted by donors for certain purposes.

Grants and contributions receivable of \$350,324 reflected on the statement of financial position includes \$218,274 restricted by donors for certain purposes, and \$50,000 subject to a time implied restriction beyond one year.

The investments of \$429,897 reflected on the statement of financial position can be liquidated with board authorization and would be available if necessary, except for the \$40,972 of beneficial interests in funds held at Chester County Community Foundation and Delaware Community Foundation.

Canine Partners for Life's goal is generally to maintain financial assets available to meet 90 days of operating expenses.

As part of its liquidity plan, the Organization's finance committee performs a quarterly review of its financial statements and cash flows with management and accountant. Excess cash is invested primarily in money market accounts, and an investment account where it is available to be drawn upon as needed with board approval.

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization's investments are reported at fair value in the accompanying statement of financial position:

	<u>Fair Value Measurements Using:</u>			
			Quoted Prices In Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)
	<u>Cost</u>	<u>Fair Value</u>		
<u>June 30, 2023</u>				
Fidelity Investments				
Marian S. Ware Fund				
Equity securities	\$140,356	\$ 245,654	\$ 245,654	\$ 0
Corporate bonds	126,823	117,122	117,122	0
Cash and money market funds	26,149	26,149	26,149	0
Total Fidelity Investments	<u>\$293,328</u>	<u>\$ 388,925</u>	<u>\$ 388,925</u>	<u>\$ 0</u>
Beneficial Interests in Funds Held by Community Foundations				
Chester County Community Foundation				
Endowment Fund	13,000	19,527	0	19,527
Delaware Community Foundation				
Endowment Fund	<u>14,500</u>	<u>21,445</u>	<u>0</u>	<u>21,445</u>
Total at Community Foundations	<u>\$ 27,500</u>	<u>\$ 40,972</u>	<u>\$ 0</u>	<u>\$40,972</u>
Total	<u>\$320,828</u>	<u>\$ 429,897</u>	<u>\$ 388,925</u>	<u>\$40,972</u>

CANINE PARTNERS FOR LIFE

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS – CONTINUED

	<u>Fair Value Measurements Using:</u>			
			Quoted Prices In Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)
	<u>Cost</u>	<u>Fair Value</u>		
<u>June 30, 2022</u>				
Fidelity Investments				
Marian S. Ware Fund				
Equity securities	\$171,184	\$ 273,317	\$ 273,317	\$ 0
Corporate bonds	127,650	122,721	122,721	0
Cash and money market funds	12,250	12,250	12,250	0
Total Fidelity Investments	<u>\$311,084</u>	<u>\$ 408,288</u>	<u>\$ 408,288</u>	<u>\$ 0</u>
Beneficial Interests in Funds Held by Community Foundations				
Chester County Community Foundation				
Endowment Fund	13,000	19,246	0	19,246
Delaware Community Foundation				
Endowment Fund	<u>14,500</u>	<u>20,920</u>	<u>0</u>	<u>20,920</u>
Total at Community Foundations	<u>\$ 27,500</u>	<u>\$ 40,166</u>	<u>\$ 0</u>	<u>\$40,166</u>
Total	<u>\$338,584</u>	<u>\$ 448,454</u>	<u>\$ 408,288</u>	<u>\$40,166</u>

In 1999, the Organization established an Endowment Fund with Chester County Community Foundation and Delaware Community Foundation. The funds were irrevocably transferred to the community foundations, where they are held in diversified investment portfolios. The Organization is permitted by Pennsylvania law to spend between 2% and 7% of the average balance of the funds over the past 3 years. Distributions from the funds may be spent on the general charitable purpose of the Organization.

The Endowment Funds held at Chester County Foundation and Delaware Community Foundation are recorded as assets in these financial statements. This is in accordance with FASB ASC 958-605 (formerly FAS 136, Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others), as the Organization has the right to receive the distributions from the income from the Endowment Funds. Also, in accordance with FASB ASC 985-605, these amounts contributed by the Organization to the community foundation funds are classified as permanently restricted net assets in the financial statements. Amounts contributed directly by other donors to the Endowment Fund, if any, are not reflected in the financial statements.

Gains and losses (realized and unrealized) include changes in net assets for the years ended June 30, 2023 and 2022 are reported in investment income. All realized gains and losses for 2023 and 2022 were a result of transactions where values have been measured using Level 1 inputs. Unrealized gains and losses for 2023 and 2022 included \$2,517 and (\$6,611) of gains (losses) where values have been measured using Level 2 inputs.

CANINE PARTNERS FOR LIFE

NOTES TO FINANCIAL STATEMENTS June 30, 2023 and 2022

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS – CONTINUED

FASB ASC 820-10 (Formerly SFAS No. 157, *Fair Value Measurements*), establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs are those other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and Level 3 inputs are those unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities, and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value, otherwise Level 2 inputs are used where available to the Organization, and Level 3 inputs are only used when Level 1 and 2 inputs are not available.

Level 1 Fair Value Measurements

The fair value of mutual funds, equity securities and bonds are based on quoted net asset values of the shares held at year-end.

Level 2 Fair Value Measurements

The fair value of Beneficial Interests in Funds Held by Community Foundations are valued at the fair value of the assets held at the foundation at year end.

NOTE 5 – GRANTS AND CONTRIBUTIONS RECEIVABLE

Represents unconditional promises to give as explained in Note 2, consisting of the following:

	<u>2023</u>	<u>2022</u>
Capital Campaign	\$ 219,600	\$ 321,600
Time restricted operating grants	<u>132,050</u>	<u>7,187</u>
	351,650	\$ 328,787
Less: Unamortized discounts	<u>(1,326)</u>	<u>(3,468)</u>
	<u>\$ 350,324</u>	<u>\$ 325,319</u>
Amounts due in:		
Less than one year	\$ 214,190	\$ 116,345
One to five years	<u>136,134</u>	<u>208,974</u>
	<u>\$ 350,324</u>	<u>\$ 325,319</u>

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment at cost, is summarized as follows:

	<u>2023</u>	<u>2022</u>
Land	\$ 181,570	\$ 181,570
Land improvements	401,907	401,907
Buildings	5,013,367	4,986,100
Equipment	<u>663,569</u>	<u>663,569</u>
	\$6,260,413	\$6,233,146
Less: Accumulated depreciation	<u>2,262,344</u>	<u>2,068,450</u>
	<u>\$3,998,069</u>	<u>\$4,164,696</u>

Depreciation expense charged to operations for the years ended June 30, 2023 and 2022 was \$193,894 and \$229,352, respectively.

CANINE PARTNERS FOR LIFE

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 7 – PRE-CONSTRUCTION COSTS

Represents project costs directly related to the planned installation of an elevator in the Organization's program services center, and the construction of a new training facility.

	<u>2023</u>	<u>2022</u>
Elevator	\$ 21,656	\$ 21,656
Training facility	35,426	0
	<u>\$ 57,082</u>	<u>\$ 21,656</u>

NOTE 8 – NET ASSETS

Net Assets without Donor Restrictions

Net assets without donor restrictions represent funds retained by Canine Partners for Life that were received without any donor-imposed restrictions. In addition, donor-restricted contributions whose restrictions have been met in the same reporting period are reported as unrestricted support.

Net Assets with Donor Restrictions

Net assets with donor restrictions represent resources restricted by the donor as to time of usage of the funds or the purpose for which the funds will be used. Restricted net assets are available for the following purposes:

	<u>2023</u>	<u>2022</u>
Capital campaign	\$ 887,002	\$ 862,064
Delaware clients	54,000	86,000
Kennel equipment	3,935	20,007
Veteran recipient	0	3,000
Prison puppy program	2,949	2,449
Kitchen equipment	2,448	0
Various other programs	2,250	2,450
Time restricted operating grants	<u>75,000</u>	<u>15,000</u>
	\$1,027,584	\$ 990,970
Endowment funds held at community foundations (see Note 2), the income from which has not been restricted, and may be spent within the charitable purposes of the Organization	<u>40,972</u>	<u>40,166</u>
	<u>\$1,068,556</u>	<u>\$1,031,136</u>

NOTE 9 – RETIREMENT PLAN

During the fiscal year ended June 30, 2009, the Organization started a SIMPLE (Savings Incentive Match Plan for Employees) IRA. Employees who earn at least \$5,000 in two previous years and expect to earn that much this year are eligible to participate. Employees who participate in the Plan are eligible for a CPL match up to 3% of gross salary, after one year of employment. The Organization made matching contributions of approximately \$16,100 and \$15,100 to the SIMPLE IRA Plan during the years ended June 30, 2023 and 2022.

CANINE PARTNERS FOR LIFE

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 10 – DONATED SERVICES

The Organization has recognized \$54,120 and \$48,485 in donated services for the years ended June 30, 2023 and 2022 as required under FASB ASC 958 (formerly SFAS No. 116) from various persons requiring specialized skills. In addition, the Organization receives donated services from over 500 volunteers not meeting the criteria for recognition.

NOTE 11 – COMPENSATED ABSENCES

The Organization provides paid vacation for its full-time employees. The amount of unused vacation at June 30, 2023 and 2022 was immaterial and no liability has been recorded.

NOTE 12 – CONCENTRATIONS

Cash

The Organization maintains its bank accounts in financial institutions with insurance provided by the Federal Deposit Insurance Corporation up to \$250,000. Uninsured balances were approximately \$786,000 and \$1,259,000 as of June 30, 2023 and 2022.

Receivable

As of June 30, 2023, three sources represented in excess of 10% of total grants and contributions receivable. The receivables from these sources was approximately \$300,000 or 86% of total receivables in 2023.

As of June 30, 2022, one source represented in excess of 10% of total grants and contributions receivable. The receivable from this source was approximately \$300,000 or 91% of total receivables in 2022.