



**Warrior
Canine
Connection**

Financial Statements

For the Year Ended June 30, 2020

(With Summarized Financial Information for the Year Ended June 30, 2019)



**and
Report Thereon**



WARRIOR CANINE CONNECTION, INC.

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For the Year Ended June 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Warrior Canine Connection, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Warrior Canine Connection, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses 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.

Auditors' 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 from 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 auditors' 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 2020 financial statements referred to above present fairly, in all material respects, the financial position of Warrior Canine Connection, Inc. as of June 30, 2020, 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.

Other Matter

Report on the Summarized Comparative Financial Statements

We have previously audited the Warrior Canine Connection's 2019 financial statements, and in our report dated December 10, 2019, we expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Washington, DC
April 16, 2021

WARRIOR CANINE CONNECTION, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2020
(With Summarized Financial Information as of June 30, 2019)

	2020	2019
ASSETS		
Cash	\$ 4,225,821	\$ 2,647,326
Grants and contributions receivable	1,208,519	1,872,029
Prepaid expenses	29,057	11,399
Inventory	10,751	10,197
Property and equipment, net	2,022,868	2,288,732
TOTAL ASSETS	\$ 7,497,016	\$ 6,829,683
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 144,163	\$ 58,374
Note payable	444,360	-
Deferred revenue	83,420	-
Deferred rent	87,598	73,198
TOTAL LIABILITIES	759,541	131,572
Net Assets		
Without donor restrictions	4,109,860	4,120,116
With donor restrictions	2,627,615	2,577,995
TOTAL NET ASSETS	6,737,475	6,698,111
TOTAL LIABILITIES AND NET ASSETS	\$ 7,497,016	\$ 6,829,683

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

WARRIOR CANINE CONNECTION, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

(With Summarized Financial Information for the Year Ended June 30, 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>2019 Total</u>
REVENUE AND SUPPORT				
Contributions	\$ 1,900,425	\$ 380,728	\$ 2,281,153	\$ 2,543,998
Government grants	1,039,601	-	1,039,601	255,610
Capital campaign revenue	-	59,403	59,403	1,303,354
In-kind contributions	171,003	-	171,003	116,100
Other income, net	160,345	-	160,345	273,202
Net assets released from restrictions:				
Satisfaction of program restrictions	165,511	(165,511)	-	-
Satisfaction of time restrictions	<u>225,000</u>	<u>(225,000)</u>	<u>-</u>	<u>-</u>
 TOTAL REVENUE AND SUPPORT	 <u>3,661,885</u>	 <u>49,620</u>	 <u>3,711,505</u>	 <u>4,492,264</u>
 EXPENSES				
Program Services:				
Dog Training and Placement	1,412,018	-	1,412,018	1,527,170
Mission Based Trauma Recovery	<u>1,226,278</u>	<u>-</u>	<u>1,226,278</u>	<u>798,087</u>
Total Program Services	<u>2,638,296</u>	<u>-</u>	<u>2,638,296</u>	<u>2,325,257</u>
Supporting Services:				
Management and general	259,319	-	259,319	233,190
Fundraising	<u>192,355</u>	<u>-</u>	<u>192,355</u>	<u>152,020</u>
Total Supporting Services	<u>451,674</u>	<u>-</u>	<u>451,674</u>	<u>385,210</u>
 TOTAL EXPENSES	 <u>3,089,970</u>	 <u>-</u>	 <u>3,089,970</u>	 <u>2,710,467</u>
 Change in net assets before write off of capital project	 571,915	 49,620	 621,535	 1,781,797
Write off of capital project	<u>(582,171)</u>	<u>-</u>	<u>(582,171)</u>	<u>-</u>
 CHANGE IN NET ASSETS	 (10,256)	 49,620	 39,364	 1,781,797
 NET ASSETS, BEGINNING OF YEAR	 <u>4,120,116</u>	 <u>2,577,995</u>	 <u>6,698,111</u>	 <u>4,916,314</u>
 NET ASSETS, END OF YEAR	 <u>\$ 4,109,860</u>	 <u>\$ 2,627,615</u>	 <u>\$ 6,737,475</u>	 <u>\$ 6,698,111</u>

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

WARRIOR CANINE CONNECTION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2020

(With Summarized Financial Information for the Year Ended June 30, 2019)

	Program Services			Supporting Services			2020 Total	2019 Total
	Dog Training and Placement	Mission Based Trauma Recovery	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries and fringe benefits	\$ 1,082,128	\$ 930,218	\$ 2,012,346	\$ 194,920	\$ 132,854	\$ 327,774	\$ 2,340,120	\$ 2,045,563
Dog breeding, training and care	124,871	129,330	254,201	-	-	-	254,201	215,528
Occupancy	43,984	45,581	89,565	5,966	4,881	10,847	100,412	101,476
Professional fees	28,736	15,408	44,144	41,898	2,403	44,301	88,445	79,497
Depreciation and amortization	38,382	24,424	62,806	3,489	3,489	6,978	69,784	71,870
Dues, licenses and subscriptions	6,087	25,437	31,524	4,225	8,652	12,877	44,401	37,708
Travel, meals and entertainment	17,717	25,169	42,886	-	260	260	43,146	50,853
Education, outreach and marketing	14,094	1,374	15,468	-	23,612	23,612	39,080	11,160
Bank and credit card fees	6,651	3,588	10,239	2,191	6,975	9,166	19,405	15,122
Miscellaneous	7,012	7,009	14,021	2,102	1,402	3,504	17,525	16,931
Printing	7,424	1,508	8,932	-	5,823	5,823	14,755	7,818
Auto	9,834	3,460	13,294	-	-	-	13,294	9,783
Equipment and software	6,840	4,885	11,725	450	703	1,153	12,878	9,478
Recruitment	4,852	4,852	9,704	-	1,078	1,078	10,782	4,354
Insurance	4,563	2,541	7,104	2,786	-	2,786	9,890	12,859
Training and development	5,263	760	6,023	1,094	223	1,317	7,340	13,592
Postage, mailing and delivery	3,580	734	4,314	198	-	198	4,512	6,875
Total expenses before write off of capital project	<u>1,412,018</u>	<u>1,226,278</u>	<u>2,638,296</u>	<u>259,319</u>	<u>192,355</u>	<u>451,674</u>	<u>3,089,970</u>	<u>2,710,467</u>
Write off of capital project	<u>466,171</u>	<u>116,000</u>	<u>582,171</u>		<u>-</u>	<u>-</u>	<u>582,171</u>	<u>-</u>
TOTAL EXPENSES INCLUDED ON THE STATEMENT OF ACTIVITIES	<u><u>\$ 1,878,189</u></u>	<u><u>\$ 1,342,278</u></u>	<u><u>\$ 3,220,467</u></u>	<u><u>\$ 259,319</u></u>	<u><u>\$ 192,355</u></u>	<u><u>\$ 451,674</u></u>	<u><u>\$ 3,672,141</u></u>	<u><u>\$ 2,710,467</u></u>

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

WARRIOR CANINE CONNECTION, INC.

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2020

(With Summarized Financial Information as of June 30, 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 39,364	\$ 1,781,797
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	69,784	71,870
Write off of capital project	582,171	-
Changes in assets and liabilities:		
Grants and contributions receivable	663,510	(1,244,065)
Inventory	(554)	2,772
Prepaid expenses	(17,658)	663
Accounts payable and accrued expenses	85,789	24,562
Deferred revenue	83,420	
Deferred rent	14,400	14,400
	<u>1,520,226</u>	<u>651,999</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(386,091)</u>	<u>(237,593)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(386,091)</u>	<u>(237,593)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	<u>444,360</u>	<u>-</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>444,360</u>	<u>-</u>
NET INCREASE IN CASH	1,578,495	414,406
CASH, BEGINNING OF YEAR	<u>2,647,326</u>	<u>2,232,920</u>
CASH, END OF YEAR	<u>\$ 4,225,821</u>	<u>\$ 2,647,326</u>

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

WARRIOR CANINE CONNECTION, INC.

NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2020

1. Organization and Summary of Significant Accounting Policies

Organization

Warrior Canine Connection, Inc. (the Organization) was incorporated on August 5, 2011, under the laws of the State of Maryland as a charitable and educational organization that provides service members and veterans with post-traumatic stress (PTS) and traumatic brain injuries (TBI) with a continuing mission to support their fellow warriors through the training of mobility service dogs. The Organization's training method offers a safe, effective and inexpensive therapeutic intervention that remediates the core symptoms of PTS and TBI and produces well-trained service dogs that will be partnered, at no cost, with disabled combat veterans. The Organization's programs are funded primarily through grants and contributions from foundations and individuals.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Property and Equipment and Related Depreciation and Amortization

Transportation equipment, furniture, fixtures and equipment, and computer equipment and software are recorded at cost and depreciated using the straight-line method over their estimated useful lives. Leasehold improvements are stated at cost and are amortized over the remaining life of the lease. The cost of property and equipment retired or disposed of is removed from the accounts, along with the related accumulated depreciation or amortization, and any gain or loss, if any, is reflected in revenue and support or expenses in the accompanying statement of activities. Major additions are capitalized while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred. The Organization capitalizes property and equipment with a cost of \$2,500 or more, and a useful life greater than one year.

The estimated useful lives for property and equipment are as follows:

<u>Asset Class</u>	<u>Life</u>
Transportation equipment	5-7 years
Furniture, fixtures and equipment	7-10 years
Computer equipment and software	3 years

Classification of Net Assets

The net assets of the Organization are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for support of the Organization's operations.
- Net assets with donor restrictions represent amounts that are specifically restricted by donors or grantors for various purposes or time periods. These donor restrictions can be temporary in nature in that they will be met by actions of the Organization or by the

WARRIOR CANINE CONNECTION, INC.

NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2020

1. Organization and Summary of Significant Accounting Policies (continued)

Classification of Net Assets (continued)

passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. As of June 30, 2020, the Organization had no net assets with donor restrictions that are required to be maintained in perpetuity.

Donated Goods and Services

The Organization's Dog Training and Placement Program and Mission Based Trauma Recovery Program are furthered through the contribution of goods and services by various individuals and organizations. Donated goods and services are recorded at fair value as of the date of donation and are included in contributions revenue and assets or expenses in the accompanying financial statements. Donated goods and services are disclosed in Note 7.

Revenue Recognition

The Organization recognizes all unconditional promises to give in the period in which the commitment is made and the value is measurable. Unconditional contributions received are recorded without donor restrictions or with donor restrictions depending on the existence and/or nature of donor restrictions. Amounts received that are designated for future periods or restricted for specific purposes are recorded as with donor restrictions. When a donor-stipulated time restriction expires or purpose restriction is met, 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. Unconditional contributions that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using a rate commensurate with the risks identified. Capital campaign revenue consists of unconditional contributions with donor restrictions.

The Organization has grants with U.S. government agency. Revenue from these grants are conditional upon certain performance requirements. Revenues from these U.S. government grants is recognized when the Organization has met the grant provisions. Amounts related to these conditional grants that are recognized and released in the same year are included as government grants without donor restrictions in the accompanying statement of activities. Revenue recognized on these grants for which billings have not been presented to or collected from the grantors is included in grants and contributions receivable in the accompanying statement of financial position. Accordingly, amounts drawn in advance of the reporting period are reported as deferred revenue in the accompanying statement of financial position.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, expenses directly attributed to a specific functional area of the Organization are reported as expenses of those functional areas, while shared costs that benefit multiple functional areas have been allocated among the various functional areas based on estimates determined by

WARRIOR CANINE CONNECTION, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

1. Organization and Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses (continued)

management to be equitable. Salaries and related expenses are allocated based on estimated percentages that are reviewed by management on an annual basis. Occupancy, depreciation and amortization, and insurance are allocated using the headcount related to facilities.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of certain assets and liabilities and revenue and expenses. Accordingly, actual results could differ from those estimates.

New Accounting Pronouncement

In June 2019, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides additional guidance to be used to determine whether a contribution is conditional and when a transaction should be account for as a contribution versus an exchange. The Organization adopted ASU 2018-08 as of July 1, 2019, and has applied the amendments of the standard on a modified prospective basis and elected to apply the standard only to agreements that were entered into after the effective date. This standard did not result in a material change to the financial statements or the timing of revenue recognition for the Organization's contributions.

2. Grants and Contributions Receivable

Grants and contributions receivable as of June 30, 2020, totaled \$1,708,519 and represented amounts due from government, corporations and foundations. As of June 30, 2020, all grants and contributions receivable were considered fully collectible.

As of June 30, 2020, the Organization's grants and contributions receivable were due to be received as follows:

Due in less than one year	\$ 658,519
Due in one to three years	<u>550,000</u>
Total Contributions and Grants Receivable	<u>\$ 1,208,519</u>

No discount was recorded for the multiyear receivables due in one to three years, as the discount was not material to the financial statements for the year ended June 30, 2020.

As of June 30, 2020, the Organization has received federal grants from U.S. federal agency totaling \$2,629,650, of which \$2,546,230 had been obligated for expenditures. As of June 30, 2020, the Organization had \$83,420 under the obligated amounts that had yet to be recognized because the conditions had not yet been met.

WARRIOR CANINE CONNECTION, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

3. Property and Equipment

The Organization's property and equipment consisted of the following as of June 30, 2020,

Construction in progress	\$ 1,101,878
Leasehold improvements	1,005,043
Furniture, fixtures and equipment	109,696
Computer equipment and software	73,045
Transportation equipment	<u>48,826</u>
Total Property and Equipment	2,338,488
Less: Accumulated Depreciation and Amortization	<u>(315,620)</u>
Property and Equipment, Net	<u>\$ 2,022,868</u>

Depreciation and amortization expense totaled \$69,784 for the year ended June 30, 2020.

The Organization raised funds for capital projects to renovate the onsite barn, to build a new training center and new PEC center. The initial plan for the barn renovation was to build a two-story building to have office and conference room space on the lower level and residential suites to house veterans on the upper level. The planning phase of the project started from 2016. During 2020, the Organization reassessed the plan under the COVID-19 pandemic, and determined it would not be feasible to provide housing for veterans. New plans for the barn renovation are expected to be completed by October 2022. As a result, the Organization wrote off expenditures incurred for the initial plan in the amount of \$582,171 which were recorded as write off of capital project in the accompanying statement of functional expenses.

The Organization estimated the total cost of all current and future leasehold improvements to be \$6,000,000, which is expected to be funded through charitable contributions. Total accumulated costs incurred to date were \$2,106,921 which are included in construction in progress and leasehold improvements in the accompanying statement of financial position.

4. Note Payable

On April 15, 2020, the Organization entered into a Small Business Administration loan with its financial institution under the Paycheck Protection Program (PPP) for \$444,360. The loan will mature on April 15, 2022, and bears a fixed interest rate of 1% per annum. Monthly payments of principal and interest will commence ten months after the end of the forgiveness covered period. The loan amount may be eligible for forgiveness pursuant to the PPP, which established minimum amounts of the loan to be used to cover payroll costs and the remainder can be used for mortgage interest, rent and utility costs over a specified period of time after the loan is made; and the number of employees and compensation levels are maintained.

WARRIOR CANINE CONNECTION, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

5. Net Assets With Donor Restrictions

The net assets with donor restrictions of the Organization were available for the following programs and purpose as of June 30, 2020:

Subject to expenditure for specified purposes:	
Mission-Based Trauma Recovery	\$ 436,899
Healing headquarters construction	<u>2,115,716</u>
Total Subject to Expenditure for Specified Purposes	2,552,615
Subject to expenditure for time restrictions	<u>75,000</u>
Total Net Assets with Donor Restrictions	<u>\$ 2,627,615</u>

6. Operating Lease

The Organization has entered into a noncancelable operating lease for its headquarters that expires in May 2039. The term of the lease provides for fixed annual rent payments of \$1 from year one through year 10; \$18,000 from year 11 through year 15; \$24,000 from year 16 through year 20; and \$30,000 from year 21 through year 25. The lease was amended on December 2, 2020 in order to (1) renew the lease for 3 additional terms of 10 years each not requiring Landlord's approval; (2) revise the rent provision to allow for performance rent in lieu of monetary rent as long as the Organization fails to demonstrate the using of the premises in a manner that fulfils the Organization's purpose and mission; (3) commencing with the year of 11 of the lease, the Organization is required to pay the monthly rent based on the prevailing market rate if the Organization is not in full compliance with the activities, programs and improvements; (4) allow the Organization's contractors to establish performance bonds covering subcontractors; (5) allow the Organization and landlord to terminate the lease upon destruction of the premises by fire or other casualty; and (6) modify the construction improvement completion deadline requirements.

Under GAAP, all rental payments, including fixed rent increases, less any rental abatements and other incentives, if any, are recognized on a straight-line basis over the term of the lease.

The difference between the GAAP rent expense and the required lease payments is reflected as deferred rent in the accompanying statement of financial position.

The Organization has also entered into a five-year noncancelable lease for land through March 2020, with a fixed rate of \$3,660 payable annually on April 1. The lease has been renewed on December 20, 2019 to extend the lease term from April 1, 2020 through March 31, 2025 with the same annual rent payment of \$3,660. The additional acreage is to provide an environmental buffer between the Organization and adjacent farming operations.

The Organization leases two trailers with the lease agreements renewed on annual basis. The expiration dates of leases for these two trailers are through July 22, 2021 and October 13, 2021, respectively, with the monthly rent of \$642 and \$200, respectively.

WARRIOR CANINE CONNECTION, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

6. Operating Lease (continued)

Future minimum lease payments, subject to cost-of-living adjustments, are as follows:

<u>Year Ending</u> <u>June 30,</u>	
2021	\$ 13,915
2022	5,103
2023	3,661
2024	5,161
2025	20,745
Thereafter	<u>340,500</u>
Total	<u>\$ 389,085</u>

Rent expense totaled \$36,025 for the year ended June 30, 2020, and is included in occupancy in the accompanying statement of functional expenses.

7. Contributed Services, Goods and Facilities

The Organization receives various gifts of dog-related goods and supplies which are used in its canine programs. Management estimated the value of these items to be \$171,003 for the year ended June 30, 2020, which is reported as in-kind contributions in the accompanying statement of activities.

The Organization's programs are also furthered through the contribution of time from volunteers. Volunteers have contributed approximately 77,839 hours to the organization's program services for the year ended June 30, 2020. These services are not reflected in the accompanying statement of activities because the services do not meet the necessary criteria for recognition under GAAP.

8. Risks and Uncertainties

Concentration of Credit Risk

Financial instruments, which potentially subject the Organization to concentration of credit risk, consist principally of cash balances maintained at various creditworthy financial institutions. While the amount at a given bank, at times, exceeds the amount guaranteed by federal agencies, and therefore bears some risk, the Organization has not experienced, nor does it anticipate, any losses on its funds. At June 30, 2020, the amount in excess of the Federal Deposit Insurance Corporation insured limit of \$250,000 was approximately \$3,781,000.

COVID-19

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses across the country for non-essential services. While the disruption is currently expected to be temporary, there is considerable uncertainty

WARRIOR CANINE CONNECTION, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

8. Risks and Uncertainties (continued)

COVID-19 (continued)

about the duration of closings. The Organization has been able to continue operations in a remote environment; however, at this point, the extent to which COVID-19 will impact the Organization's financial condition or results of operations is uncertain and being evaluated by management and the Board.

9. Availability and Liquidity

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. The Organization's financial assets available within one year of the statement of financial position date for general expenditures at June 30, 2020, were as follows:

Cash	\$ 4,225,821
Grants and contribution receivable, current portion	<u>658,519</u>
Total Financial Assets Available Within One Year	4,884,340
Less:	
Amounts unavailable for general expenditures within one year due to donors' restriction with purpose and time restriction	<u>(2,627,615)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 2,256,725</u>

The Organization has various sources of liquidity at its disposal, including cash, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Organization throughout the year. Management reviews an updated cash flow projection to assess the immediate needs and adjust cash balances as necessary. The Organization has net assets with donor restrictions which have been excluded from the financial assets available to meet general expenditures within one year, \$2,115,715 has been restricted for construction and will be released when the construction is completed and placed in service.

10. Related Party Transaction

During 2020, the Organization received an unconditional contribution from one of its board members in the amount of \$75,000 which is included in contributions without donor restrictions in the accompanying statement of activities.

WARRIOR CANINE CONNECTION, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

11. Retirement Plan

The Organization participates in a contributory defined contribution retirement plan. All full-time employees are eligible to participate in the plan. Employees who elect to participate may contribute any amount of their annual salary up to the limits permitted by law. The Organization makes discretionary contributions to match employee contributions, the amount of which a match is determined on an annual basis. The Organization made matching contributions of \$37,957 to the plan for the year ended June 30, 2020.

12. Income Taxes

Under Section 501(c)(3) of the IRC, the Organization is exempt from the payment of taxes on income other than net unrelated business income. The Organization reviews and assesses all activities annually to identify any changes in the scope of the activities and revenue sources and the tax treatment thereof to identify any uncertainty in income taxes. For the year ended June 30, 2020, no provision for income taxes was made, as the Organization had no net unrelated business income and did not identify any uncertainty in income taxes requiring recognition or disclosure in these financial statements. The Organization's tax returns are subject to possible examination by the taxing authorities. For federal purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns. There are currently no examinations pending or in progress regarding the Organization's tax returns. It is the Organization's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense.

13. Reclassification

Certain 2019 amounts have been reclassified to conform to the 2020 financial statement presentation.

14. Subsequent Events

The Organization's management has evaluated subsequent events through April 16, 2021, the date the financial statements were available to be issued. Except as disclosed in Note 6 regarding the lease, there were no subsequent events identified through April 16, 2021, required to be recognized or disclosed in these financial statements.