



**Warrior  
Canine  
Connection**

## **Financial Statements**

*For the Year Ended June 30, 2023*

*(With Summarized Financial Information for the Year Ended June 30, 2022)*



**and  
Report Thereon**



**WARRIOR CANINE CONNECTION, INC.**

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**For the Year Ended June 30, 2023**

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**INDEPENDENT AUDITORS' REPORT**

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

***Opinion***

We have audited the financial statements of Warrior Canine Connection, Inc. (the 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***Auditors' 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 auditors' 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 GAAS 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 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 GAAS, 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 the Organization'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 the Organization'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.

### **Other Matter**

#### ***Report on Summarized Comparative Information***

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 14, 2023. 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.

*Marcum LLP*

Washington, DC  
February 8, 2024

**WARRIOR CANINE CONNECTION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2023**  
**(With Summarized Financial Information as of June 30, 2022)**

	2023	2022
<b>ASSETS</b>		
Cash	\$ 6,488,420	\$ 9,621,812
Grants and contributions receivable	2,734,053	1,963,756
Investments	4,055,450	44,676
Prepaid expenses	43,367	15,598
Right of use asset	13,116	-
Inventory	19,426	10,434
Property and equipment, net	2,559,446	2,258,179
<b>TOTAL ASSETS</b>	<b>\$ 15,913,278</b>	<b>\$ 13,914,455</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 131,756	\$ 110,463
Operating lease liability	10,371	-
<b>TOTAL LIABILITIES</b>	142,127	110,463
<b>Net Assets</b>		
Without donor restrictions	6,698,867	5,367,685
With donor restrictions	9,072,284	8,436,307
<b>TOTAL NET ASSETS</b>	15,771,151	13,803,992
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 15,913,278</b>	<b>\$ 13,914,455</b>

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

**WARRIOR CANINE CONNECTION, INC.**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2023**

**(With Summarized Financial Information for the Year Ended June 30, 2022)**

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
<b>REVENUE AND SUPPORT</b>				
Capital campaign revenue	\$ -	\$ 700,000	\$ 700,000	\$ 4,128,000
Contributions	2,376,430	535,477	2,911,907	2,467,075
Grants	879,426	-	879,426	606,216
In-kind contributions	248,254	-	248,254	134,539
Employee retention credit	657,389	-	657,389	-
Other income, net	173,048	-	173,048	115,191
Investment income	55,450	-	55,450	-
Net assets released from restrictions:				
Satisfaction of program restrictions	579,500	(579,500)	-	-
Satisfaction of time restrictions	20,000	(20,000)	-	-
	<b>4,989,497</b>	<b>635,977</b>	<b>5,625,474</b>	<b>7,451,021</b>
<b>TOTAL REVENUE AND SUPPORT</b>				
<b>EXPENSES</b>				
Program Services:				
Dog Training and Placement	2,190,637	-	2,190,637	1,861,833
Mission Based Trauma Recovery	908,744	-	908,744	695,419
	<b>3,099,381</b>	<b>-</b>	<b>3,099,381</b>	<b>2,557,252</b>
Total Program Services				
Supporting Services:				
Management and general	277,975	-	277,975	228,046
Fundraising	280,959	-	280,959	225,935
	<b>558,934</b>	<b>-</b>	<b>558,934</b>	<b>453,981</b>
Total Supporting Services				
	<b>3,658,315</b>	<b>-</b>	<b>3,658,315</b>	<b>3,011,233</b>
<b>TOTAL EXPENSES</b>				
CHANGE IN NET ASSETS	1,331,182	635,977	1,967,159	4,439,788
NET ASSETS, BEGINNING OF YEAR	5,367,685	8,436,307	13,803,992	9,364,204
NET ASSETS, END OF YEAR	\$ 6,698,867	\$ 9,072,284	\$ 15,771,151	\$ 13,803,992

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, 2023**

**(With Summarized Financial Information for the Year Ended June 30, 2022)**

	Program Services			Supporting Services			2023 Total	2022 Total
	Dog Training and Placement	Mission Based Trauma Recovery	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries and fringe benefits	\$ 1,388,753	\$ 804,939	\$ 2,193,692	\$ 192,061	\$ 221,786	\$ 413,847	\$ 2,607,539	\$ 2,228,960
Dog breeding, training and care	406,759	18,121	424,880	-	-	-	424,880	269,854
Professional fees	39,467	21,327	60,794	46,532	5,834	52,366	113,160	76,424
Rent & Occupancy	87,060	1,683	88,743	8,352	7,308	15,660	104,403	140,685
Depreciation and amortization	57,497	17,174	74,671	7,052	1,245	8,297	82,968	73,576
Education, outreach and marketing	30,393	4,088	34,481	-	27,663	27,663	62,144	38,335
Dues, licenses and subscriptions	43,554	7,190	50,744	2,182	7,554	9,736	60,480	45,759
Travel, meals and entertainment	25,576	8,653	34,229	-	181	181	34,410	20,023
Equipment and software	25,117	3,254	28,371	1,627	2,538	4,165	32,536	10,419
Insurance	19,700	8,443	28,143	2,944	1,262	4,206	32,349	24,321
Auto	19,371	4,076	23,447	-	176	176	23,623	16,428
Recruitment	12,124	2,702	14,826	1,972	1,257	3,229	18,055	13,767
Printing	9,628	4,731	14,359	19	3,106	3,125	17,484	7,356
Bank and credit card fees	-	-	-	14,776	-	14,776	14,776	17,179
Miscellaneous	12,142	883	13,025	451	505	956	13,981	16,875
Training and development	6,995	1,416	8,411	-	-	-	8,411	7,661
Postage, mailing and delivery	6,501	64	6,565	7	544	551	7,116	3,611
<b>TOTAL EXPENSES</b>	<b>\$ 2,190,637</b>	<b>\$ 908,744</b>	<b>\$ 3,099,381</b>	<b>\$ 277,975</b>	<b>\$ 280,959</b>	<b>\$ 558,934</b>	<b>\$ 3,658,315</b>	<b>\$ 3,011,233</b>

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, 2023**

**(With Summarized Financial Information for the Year Ended June 30, 2022)**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,967,159	\$ 4,439,788
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	82,968	73,576
Amortization of right of use asset	4,442	-
Changes in assets and liabilities:		
Grants and contributions receivable	(770,297)	(654,191)
Inventory	(8,992)	3,019
Prepaid expenses	(27,769)	16,292
Accounts payable and accrued expenses	21,293	16,400
Operating lease liability	(4,442)	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,264,362</b>	<b>3,894,884</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(4,010,774)	(44,676)
Purchases of property and equipment	(386,980)	(146,729)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(4,397,754)</b>	<b>(191,405)</b>
<b>NET (DECREASE) INCREASE IN CASH</b>	<b>(3,133,392)</b>	<b>3,703,479</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>9,621,812</b>	<b>5,918,333</b>
<b>CASH, END OF YEAR</b>	<b>\$ 6,488,420</b>	<b>\$ 9,621,812</b>
<b>Noncash disclosure of investing activities</b>		
Recognition of right of use asset	\$ 17,558	\$ -
Recognition of operating lease liability	\$ 14,813	\$ -

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, 2023

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### 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 and footnotes have been prepared 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
Leasehold improvements	Life of lease

#### **Investments**

Investments in marketable securities are reflected at fair value. 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. Interest income from these investments is recorded as investment income in the statement of activities.

# WARRIOR CANINE CONNECTION, INC.

## NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2023

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

#### **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 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, 2023, 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, services, and facilities by various individuals and organizations. Donated goods, services, and facilities are recorded at fair value as of the date of donation and are included in in-kind contributions revenue and assets or expenses in the accompanying financial statements. Donated goods, services, and facilities 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 receives grants from various funders. Revenue from these grants are either recognized as unconditional contributions when received or are conditional upon certain performance requirements. Revenues from conditional 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 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.

# WARRIOR CANINE CONNECTION, INC.

## NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2023

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

#### **Revenue Recognition (continued)**

The Organization availed itself of the Employee Retention Credit (ERC) that was established as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Benefits received from the ERC during the year ended June 30 2023, was \$657,389. The ERC benefits are presented as employee retention credit support on the statements of activities. The Organization has applied the contribution revenue recognition provisions of ASC 958, Not-for-Profit-Entities, to the ERC benefits. At June 30, 2023, WCC had approximately \$154,000 of conditional contributions outstanding related to ERC.

#### **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 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.

#### **Adopted Accounting Pronouncement**

Effective July 1, 2022, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, *Leases* (ASC 842). The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. The Organization elected the short-term lease recognition exemption for all leases that qualify. Consequently, for those leases that do not qualify, the Organization will not recognize right-of-use (ROU) assets or an operating lease liability on the statements of financial position. The Organization generally does not have access to the rate implicit in the lease, and therefore the Organization utilizes a risk-free rate as the discount rate. The Organization elected to treat lease and non-lease components together.

The adoption of ASC 842 resulted in the recognition of a ROU asset of \$17,558 and an operating lease liability of \$14,813, net of \$2,745 of unamortized prepaid rent, on the date of implementation. Results for periods beginning prior to July 1, 2022 continue to be reported in accordance with the Organization's historical accounting treatment.

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in ROU assets and operating lease liability in the statements of financial position. The ROU asset and operating lease liability are recognized based on the present value of lease

**WARRIOR CANINE CONNECTION, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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

**Adopted Accounting Pronouncement (continued)**

payments over the lease term using the risk-free rate. The ROU asset is amortized over the lease term and is reflected as rent expense in the accompanying financial statements. The operating lease liability is reduced as cash payments are made under the terms of the leases. Short-term operating leases, which have an initial term of 12 months or less, are not recorded on the statements of financial position. Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. The adoption of the standard did not result in a material change to the statement of activities.

2. Grants and Contributions Receivable

Grants and contributions receivable as of June 30, 2023, totaled \$2,734,053 and represented amounts due from U.S. Government, corporations and foundations. As of June 30, 2023, all grants and contributions receivable were considered fully collectible.

As of June 30, 2023, the Organization's grants and contributions receivable were due to be received as follows:

Due in less than one year	\$ 2,594,053
Due in one to three years	<u>140,000</u>
Total Grants and Contributions Receivable	<u>\$ 2,734,053</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.

3. Fair Value Measurements

The Organization has implemented the accounting standard regarding fair value measurements. This standard establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosures about fair value measurements. This standard uses the following prioritized input levels to measure fair value. The input levels used for valuing investments are not necessarily an indication of risk.

**Level 1**

Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes.

**Level 2**

Includes inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace, such as yield curves or other market data.

**WARRIOR CANINE CONNECTION, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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3. Fair Value Measurements (continued)

**Level 3**

Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk such as bid/ask spreads and liquidity discounts.

At June 30, 2023, the Organization's investments were solely comprised of a Level 1 publicly traded treasury securities money market fund totaling \$4,055,450.

4. Property and Equipment

The Organization's property and equipment consisted of the following as of June 30, 2023:

Construction in progress	\$ 1,662,020
Leasehold improvements	1,024,445
Furniture, fixtures and equipment	173,095
Transportation equipment	132,452
Computer equipment and software	<u>101,951</u>
Total Property and Equipment	3,093,962
Less: Accumulated Depreciation and Amortization	<u>(534,516)</u>
Property and Equipment, Net	<u>\$ 2,559,446</u>

Depreciation and amortization expense totaled \$82,968 for the year ended June 30, 2023.

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. The Organization reassessed the initial plan under the COVID-19 pandemic and developed a new plan for the barn renovation which are expected to be completed in the fall of 2024.

The Organization estimated the total cost of all current and future leasehold improvements to be \$8,085,000, which is expected to be funded through charitable contributions. Total accumulated costs incurred to date were \$2,686,465 which are included in construction in progress and leasehold improvements in the accompanying statement of financial position.

**WARRIOR CANINE CONNECTION, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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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, 2023:

Subject to expenditure for specified purposes:	
Mission-Based Trauma Recovery	\$ 555,500
Healing headquarters construction	<u>8,443,716</u>
Total Subject to Expenditure for Specified Purposes	8,999,216
Subject to expenditure for time restrictions	<u>73,068</u>
Total Net Assets With Donor Restrictions	<u>\$ 9,072,284</u>

6. Operating Leases

The Organization entered into a noncancelable operating lease for its headquarters that expires in May 2039. The Organization shall (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 demonstrates 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, pay the monthly rent based on the prevailing market rate if the Organization is not in full compliance with the activities, programs and improvements, which include providing unique method for training service dogs, training dogs to support veterans with disabilities, working cooperatively and conducting activities in support of Landlord's Wounded Warrior and Veteran Outreach Program and Veteran Conservation Corps Program, and investing approximately \$8 million to complete various construction projects.

The Organization also has a noncancelable lease for land through March 31, 2025, with annual rent payments of \$3,660. The additional acreage is to provide an environmental buffer between the Organization and adjacent farming operations.

The Organization also has a noncancelable lease for land through October 31, 2027, with annual rent payments of \$1,716.

During the year ended June 30, 2023, the Organization paid approximately \$4,800 for amounts included in the measurement of the operating lease liability.

**WARRIOR CANINE CONNECTION, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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6. Operating Leases (continued)

Future minimum lease payments are as follows:

Year Ending June 30,	
2024	\$ 5,376
2025	1,716
2026	1,716
2027	1,716
2028	<u>572</u>
Total	11,096
Less Present Value Discount (4.14%)	<u>(725)</u>
Lease Liability at June30, 2023	<u>\$ 10,371</u>

Rent expense totaled approximately \$24,000 for the year ended June 30, 2023, which includes rent expense for short-term leases, and is included in rent and occupancy in the accompanying statement of functional expenses.

7. Volunteer Services and Donates Goods, Services, and Facilities

The Organization's programs are also furthered through the contribution of time from volunteers. Volunteers have contributed 45,000 hours to the Organization's program services for the year ended June 30, 2023. These services are not reflected in the accompanying statement of activities because the services do not meet the necessary criteria for recognition under GAAP.

Donates goods, services, and facilities that create or enhance nonfinancial assets or that require specialized skills and would typically need to be purchased if not provided by donation are recorded at fair market value. The donated goods, services, and facilities are recorded at the estimated fair value based on market rates for similar goods and services in the United States. Included are medical supplies and services - \$117,434, IT and professional services - \$55,725, and pet supplies and other services - \$75,095 provided to the Organization in furtherance of its mission. There were no donor restrictions related to the in-kind contributions. The fair value of these services has been estimated to be \$248,254 for the year ended June 30, 2023.

8. Risks, Uncertainties, and Commitments

**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, 2023, the amount in excess of the Federal Deposit Insurance Corporation insured limit of \$250,000 was approximately \$5,502,000.

**WARRIOR CANINE CONNECTION, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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8. Risks, Uncertainties, and Commitments (continued)

**Commitments**

Subsequent to June 30, 2023, the Organization entered into a contract for construction costs for approximately \$8,085,000.

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, 2023, were as follows:

Cash	\$ 6,488,420
Investments	4,055,450
Grants and contribution receivable	<u>2,734,053</u>
Total Financial Assets Available Within One Year	13,277,923
Less:	
Donor restricted net asset	<u>(9,072,284)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 4,205,639</u>

The Organization has various sources of liquidity at its disposal, 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.

10. Related Party Transactions

The Organization receives unconditional contributions from board members in the ordinary course of business.

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 \$41,549 to the plan for the year ended June 30, 2023.



**WARRIOR CANINE CONNECTION, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
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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, 2023, 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. Prior Year Summarized Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

14. Subsequent Events

The Organization's management has evaluated subsequent events through February 8, 2024, the date the financial statements were available to be issued. Other than the subsequent event disclosed in Note 8, there were no subsequent events identified through February 8, 2024, required to be recognized or disclosed in these financial statements.