

VETS TO VETS UNITED, INC.

Financial Statements

December 31, 2015

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Assets, Liabilities and Net Assets - Cash Basis	3
Statement of Revenues, Expenses And Changes in Net Assets - Cash Basis	4
Statement of Functional Expenses – Cash Basis	5
NOTES TO FINANCIAL STATEMENTS	6-7

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Vets to Vets United, Inc.
Durham, North Carolina

We have audited the accompanying financial statements of Vets to Vets United, Inc. (a nonprofit organization), which comprise the statement of asset, liabilities and net assets - cash basis as of December 31, 2015, and the related statements of revenues, expenses and changes in net assets - cash basis and functional expenses - cash basis 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 the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Vets to Vets United, Inc. as of December 31, 2015, and its revenues, expenses and changes in net assets for the year then ended, in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.



Thomas, Judy & Ducka, P.A.

October 24, 2016

VETS TO VETS UNITED, INC.
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS -
CASH BASIS
December 31, 2015

	<u>2015</u>
<u>ASSETS</u>	
Cash	\$ 7,514
Total Current Assets	<u>7,514</u>
Total Assets	<u><u>\$ 7,514</u></u>
<u>LIABILITIES AND NET ASSETS</u>	
Unrestricted Net Assets	\$ 7,514
Total Liabilities and Net Assets	<u><u>\$ 7,514</u></u>

See Accompanying Notes

VETS TO VETS UNITED, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
CASH BASIS
Year Ended December 31, 2015

	2015
<u>REVENUES</u>	
Contributions	\$ 22,588
Total Revenues	22,588
<u>EXPENSES</u>	
Program	13,568
General and Administration	5,158
Total Expenses	18,726
Change in Net Assets	3,862
Net Assets, Beginning of Year	3,652
Net Assets, End of Year	\$ 7,514

See Accompanying Notes

VETS TO VETS UNITED, INC.
STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS
Year Ended December 31, 2015

	2015		
	Program Expenses	General and Administration Expenses	Total
Travel	\$ 1,248	\$	\$ 1,248
Office Supplies	842	842	1,684
Building Maintenance	981	980	1,961
Meetings	404	404	808
Vehicle Maintenance	641	641	1,282
Compensation Director	36	35	71
Insurance	275		275
Dog Supplies	8,838		8,838
Promotion		768	768
IT Technology	303	130	433
Grant writer		915	915
Bank Fees		55	55
Miscellaneous		388	388
	\$ 13,568	\$ 5,158	\$ 18,726
Total Expenses	\$ 13,568	\$ 5,158	\$ 18,726

See Accompanying Notes

VETS TO VETS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

1. Business Operations and Summary of Significant Accounting Policies

Business Operations

Vets to Vets United, Inc. (the "Organization"), a nonprofit organization, was incorporated under the laws of North Carolina in March of 2012. It was created to unite veterans and dogs for a common purpose to improve and save lives.

Basis of Accounting

The financial statements of the Organization have been prepared on the cash basis of accounting. Accordingly, revenues and related assets are recognized when received rather than when earned, while grants and expenses are recognized when paid rather than when the related obligation is incurred.

Financial Statement Presentation

The Organization has adopted Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*. Under these provisions, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The Organization has also adopted FASB ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions in the combined statements of revenues, expenses and changes in net assets - cash basis. The Organization only has unrestricted net assets.

Income Taxes

The Organization is exempt from income taxes as a not-for-profit organization under IRS code section 501(c) (3).

Contributions

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the statement of revenues, expenses and changes in net assets - cash basis as net assets released from restrictions.

Voluntary services donated by individuals and businesses have not been reflected in the financial statements. The impact of those services upon the financial statements is unknown as there is no objective basis available to measure the value of such services. However, because recognition of donated services as revenue would also involve recognition of corresponding expenses, there would be no effect on the net assets.

VETS TO VETS UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

1. Summary of Significant Accounting Policies (Continued)

Concentration of Credit Risk

The Organization maintains cash balances in financial institutions located in the United States of America. The cash balance is insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The Organization's cash balances were fully insured at December 31, 2015.

Accounting for Uncertainty in Income Taxes

The Organization has implemented the accounting requirements associated with uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2015, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization is also subject to routine tax audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

2. Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through October 24, 2016, which is the date the financial statements were available to be issued.