



SHARPE  
PATELCPA

# VETS TO VETS UNITED, INC.

FINANCIAL STATEMENTS

December 31, 2021

**VETS TO VETS UNITED, INC.**  
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## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

We have audited the accompanying financial statements of Vets to Vets United, Inc. (a nonprofit organization), which comprises the statement of financial position as of December 31, 2021, and the related statement 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 Vets to Vets United, Inc. as of December 31, 2021, 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 audits 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 Vets to Vets United, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Vets to Vets United, Inc.'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 Vets to Vets United, Inc.'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 Vets to Vets United, Inc.'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.

*Sharpe Patel PLLC*

Raleigh, North Carolina  
August 12, 2022

**VETS TO VETS UNITED, INC.**  
**Statement of Financial Position**  
**December 31, 2021**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 111,771
Accounts receivable, net	<u>9,267</u>

Total current assets	<u>121,038</u>
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Property and equipment, net	<u>1,090</u>
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Total assets	<u><u>\$ 122,128</u></u>
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**LIABILITIES AND NET ASSETS**

Current liabilities:

Accounts payable	\$ 5,134
Accrued payroll taxes and withholdings	<u>896</u>

Total current liabilities	<u>6,030</u>
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Net assets:

Without donor restrictions	
Board designated	25,442
Undesignated	<u>68,156</u>
Total without donor restrictions	<u>93,598</u>

With donor restrictions	<u>22,500</u>
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Total net assets	<u>116,098</u>
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Total liabilities and net assets	<u><u>\$ 122,128</u></u>
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The accompanying notes are an integral part of these consolidated financial statements.

**VETS TO VETS UNITED, INC.****Statement of Activities****Year Ended December 31, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>SUPPORT AND REVENUES:</b>			
Direct public support	\$ 100,047	\$ -	\$ 100,047
Indirect public support	8,631	-	8,631
Restricted contributions	-	22,500	22,500
In-kind donations	38,615	-	38,615
Other revenue	8,100	-	8,100
	<hr/>	<hr/>	<hr/>
Total support and revenues	155,393	22,500	177,893
	<hr/>	<hr/>	<hr/>
<b>EXPENSES:</b>			
Program services	112,650	-	112,650
Management and general	12,126	-	12,126
Fundraising expenses	7,860	-	7,860
	<hr/>	<hr/>	<hr/>
Total expenses	132,636	-	132,636
	<hr/>	<hr/>	<hr/>
Change in net assets	22,757	22,500	45,257
	<hr/>	<hr/>	<hr/>
Net assets at beginning of year	70,841	-	70,841
	<hr/>	<hr/>	<hr/>
Net assets at end of year	<u>\$ 93,598</u>	<u>\$ 22,500</u>	<u>\$ 116,098</u>

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

**VETS TO VETS UNITED, INC.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2021**

		<b>Supporting Services</b>		
	<b>Program Services</b>	<b>Management &amp; General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries	\$ 25,667	\$ 4,505	\$ 930	\$ 31,102
Payroll taxes	1,941	438	125	2,504
Operating expenses	14,170	6,654	100	20,924
Animal expenses	59,299	-	-	59,299
Auto expense	3,614	364	-	3,978
Travel and meetings	89	-	-	89
Facilities and equipment	3,425	165	-	3,590
Advertising	4,445	-	6,705	11,150
<b>Total Expenses</b>	<b>\$ 112,650</b>	<b>\$ 12,126</b>	<b>\$ 7,860</b>	<b>\$ 132,636</b>

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

**VETS TO VETS UNITED, INC.**  
**Statement of Cash Flows**  
**Year Ended December 31, 2021**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Change in net assets	\$ 45,257
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities:	
Loan forgiveness	(8,300)
Changes in assets and liabilities that provided (used) cash:	
Accounts receivable	(1,667)
Accounts payable	3,024
Accrued payroll taxes and withholdings	(4)
	<hr/>
Net cash provided by operating activities	38,310
	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Proceeds from the sale of property and equipment	800
Purchases of property and equipment	(1,249)
	<hr/>
Net cash used by investing activities	(449)
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<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Proceeds from loan	-
	<hr/>
Net cash provided (used) by financing activities	-
	<hr/>
Net increase in cash and cash equivalents	37,861
	<hr/>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	73,910
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<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 111,771</u></u>

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



**VETS TO VETS UNITED, INC.**  
**Notes to the Financial Statements**  
**December 31, 2021**

**1. ORGANIZATION**

Nature of the Organization

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Financial Statement Presentation

The Organization has adopted FASB Accounting Standards Codification (ASC) 958-205 and subsections *Financial Statements of Not-for-Profit Organizations*. Under this standard, 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. The Organization adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) – Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without restrictions” and “net assets with restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. Net assets are defined as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions are not subject to donor-imposed stipulations and are currently available for use in the operations of the Organization. The Organization maintains a portion of funds that are Board designated and must be approved by the Board for use. The total Board designated net assets as of December 31, 2021 totaled \$25,442.

Net Assets With Donor Restrictions – Net assets with donor restrictions are those stipulated by donors for specific operating purposes, that are not currently available for use until commitments regarding their use have been fulfilled, or assets that must be maintained in perpetuity by the Organization. As of December 31, 2021, the total net assets with restriction is \$22,500.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from estimates that were assumed in preparing the financial statements.

**VETS TO VETS UNITED, INC.**  
**Notes to the Financial Statements**  
**December 31, 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Cash Equivalents

For purposes of the statements of financial position and the statements of cash flows, cash and cash equivalents includes balances on deposit in financial institutions, cash on hand and other highly liquid resources, such as interest-bearing money market accounts, with an original maturity date of three months or less.

Contributions and Donor Imposed Restrictions

Contributions of cash and other assets are recorded as increases in net assets without restrictions unless specifically restricted by the donor. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in net assets without restrictions if the restriction expires in the reporting period in which the support is received.

Contributions In-kind

Organization members donate time in volunteer services on various committees and boards. No amounts have been reflected in the financial statements for volunteer hours since these service do not meet the requirements for recognition in the financial statements. The Organization receives in kind contributions in the form of supplies and food at discounted rates or given to the Organization to help fulfill the mission.

During the year ended December 31, 2021, the Organization contracted with various dog trainers to fulfill the Organization's mission. Many of the trainers donated their professional services to the Organization during the year. The total donated professional services were recorded as in-kind contributions of \$9,780.

The Organization contracts with an external bookkeeping service. The bookkeeper charged the Organization a discounted rate for the service and this amount was recorded as an in-kind donation of \$3,400.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities. Costs that are not directly associated with providing specific services have been allocated based upon the relative time spent by employees of the Organization providing those services.

*Program services* – Comprise activities that contribute to the Organization's mission to provide service, therapeutic, and emotional support animals, and discounted veterinary care to U.S. Military Veterans.

*Management and general* – Includes activities such as management and general services required to ensure an adequate working environment, provide administrative support and manage the Organization's financial and budgetary functions.

*Fundraising* – Expenses associated with the activities to solicit donations.

**VETS TO VETS UNITED, INC.**  
**Notes to the Financial Statements**  
**December 31, 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Advertising / Promotions Expense

Advertising costs are expensed as incurred and reported as a component of fundraising expenses on the statement of functional expenses. Advertising expense totaled \$645 for the year ended December 31, 2021.

Income Taxes

The Organization is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

It is the Organization's policy to evaluate all tax positions to identify those that may be considered uncertain. All identified material tax positions are assessed and measured by a "more-likely-than-not" threshold to determine if the benefit of any uncertain tax position should be recognized in the financial statements. Any changes in the amount of a tax position are recognized in the period the change occurs. The Organization has evaluated all of its tax positions and determined that it had no uncertain income tax positions as of December 31, 2021.

The Organization files its Form 990 series tax returns in the U.S. Federal jurisdiction. The Organization's returns are subject to examination by the Internal Revenue Service for a period of three years after the respective filing deadlines. In addition, the Organization's state tax returns for the same years are subject to examination by state tax authorities for similar time periods.

**3. CONCENTRATION OF CREDIT RISK**

The Organization occasionally maintains deposits in excess of federally insured limits. The Organization maintains its cash balances in reputable financial institutions in the United States of America and accounts at each institution are insured by the Federal Deposit Insurance Corporations up to \$250,000 at each financial institution. FASB ASC 825, *Financial Instruments*, identifies these items as a concentration of credit risk requiring disclosure, regardless of risk. At December 31, 2021, the Organization's cash balances were fully insured.

**4. RELATED PARTY TRANSACTIONS**

The Organization provides reimbursement to the Executive Director for various expenses during the year including a home office, auto expenses, gas, insurance, internet, utilities, and cell phone expense. The total expenses reimbursed to the Executive Director during the year totaled \$4,582.

**5. BOARD DESIGNATED NET ASSETS**

The Board of Directors has designated a portion of net assets without restriction to be set aside as a contingency reserve for Vets to Vets United, Inc.. The amount designated for the fund was \$25,442 as of December 31, 2021.

**VETS TO VETS UNITED, INC.**  
**Notes to the Financial Statements**  
**December 31, 2021**

**6. LIQUIDITY AND AVAILABILITY OF FUNDS**

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of December 31, 2021

Cash and cash equivalents	\$ 111,771
Accounts receivable	9,267
Less: accounts payable and payroll liabilities	(6,030)
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Total financial assets available to meet general expenditures	<u>\$ 115,008</u>

**7. 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 August 12, 2022, which is the date the financial statements were available to be issued.