

PAWS WITH A CAUSE, INC.®
FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR
YEAR ENDED DECEMBER 31, 2018)

MEYAARD TOLMAN & VENLET p.c.
Certified Public Accountants
Zeeland, Michigan

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Paws With A Cause, Inc.®
Wayland, Michigan

We have audited the accompanying financial statements of Paws With A Cause, Inc.® (a nonprofit organization) which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, cash flows and functional expenses for the nine months 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.

Auditor's 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 auditor's 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 financial position of Paws With A Cause, Inc.® as of September 30, 2019, and the changes in its net assets and its cash flows for the nine months then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Paws With A Cause, Inc.'s® December 31, 2018 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated March 7, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Meygaard Tolman & Venlet P.C.

Meygaard Tolman & Venlet p.c.
Certified Public Accountants
January 9, 2020

PAWS WITH A CAUSE, INC.®
 STATEMENTS OF FINANCIAL POSITION
 SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

<u>ASSETS</u>	<u>September 30, 2019</u>	<u>December 31, 2018</u>
CURRENT:		
Cash	\$ 576,806	\$ 999,983
Investments	1,796,667	1,921,076
Pledges receivable - net	94,089	293,235
Inventories	25,924	21,760
Prepaid expenses	<u>67,259</u>	<u>99,484</u>
Total Current Assets	<u>2,560,745</u>	<u>3,335,538</u>
PROPERTY AND EQUIPMENT:		
Buildings, improvements and equipment - net of accumulated depreciation	<u>1,640,700</u>	<u>1,631,691</u>
OTHER:		
Investments	<u>891,257</u>	<u>794,970</u>
TOTAL ASSETS	<u>\$ 5,092,702</u>	<u>\$ 5,762,199</u>

See accompanying notes.

	September 30, 2019	December 31, 2018
<u>LIABILITIES</u>		
CURRENT:		
Accounts payable - trade	\$ 66,722	\$ 119,944
Accrued salaries, wages and withholdings	75,184	57,347
Total Current Liabilities	<u>141,906</u>	<u>177,291</u>
TOTAL LIABILITIES	<u>141,906</u>	<u>177,291</u>
<u>NET ASSETS</u>		
NET ASSETS WITHOUT DONOR RESTRICTION:		
Investment in property and equipment	1,640,700	1,631,691
Other	2,203,820	2,568,578
Total Net Assets Without Donor Restriction	<u>3,844,520</u>	<u>4,200,269</u>
NET ASSETS WITH DONOR RESTRICTION:		
Endowment	891,257	794,970
Other	215,019	589,669
Total Net Assets With Donor Restriction	<u>1,106,276</u>	<u>1,384,639</u>
TOTAL NET ASSETS	<u>4,950,796</u>	<u>5,584,908</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,092,702</u>	<u>\$ 5,762,199</u>

PAWS WITH A CAUSE, INC.®
 STATEMENTS OF ACTIVITIES
 NINE MONTHS ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2018)

	Net Assets Without Donor Restriction	Net Assets With Donor Restriction	Totals	
			Nine Months Ended September 30, 2019	Year Ended December 31, 2018
PUBLIC SUPPORT AND REVENUES:				
Contributions	\$ 1,963,545	\$ 114,491	\$ 2,078,036	\$ 3,730,585
Support from United Ways	180,201	-	180,201	575,344
Support from federal / state combined campaigns	33	84,335	84,368	44,188
Special events	96,295	-	96,295	21,180
Less direct costs	(26,528)	-	(26,528)	(4,810)
Other revenue	102,452	-	102,452	181,287
Investment gains (losses)	323,595	-	323,595	(136,416)
Net assets released from restrictions:				
Release of purpose restrictions	193,558	(193,558)	-	-
Release of time restrictions	283,631	(283,631)	-	-
Total Public Support and Revenues	3,116,782	(278,363)	2,838,419	4,411,358
EXPENSES:				
Program services:				
Training and services	2,733,131	-	2,733,131	3,600,315
General education	179,413	-	179,413	245,984
Total Program Services Expenses	2,912,544	-	2,912,544	3,846,299
Support services:				
Management and general	243,158	-	243,158	330,017
Fund raising	316,829	-	316,829	505,904
Total Support Services Expenses	559,987	-	559,987	835,921
Total Program and Support Services Expenses	3,472,531	-	3,472,531	4,682,220
CHANGE IN NET ASSETS	(355,749)	(278,363)	(634,112)	(270,862)
NET ASSETS - BEGINNING	4,200,269	1,384,639	5,584,908	5,855,770
NET ASSETS - ENDING	\$ 3,844,520	\$ 1,106,276	\$ 4,950,796	\$ 5,584,908

See accompanying notes.

PAWS WITH A CAUSE, INC.®
STATEMENTS OF FUNCTIONAL EXPENSES
NINE MONTHS ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2018)

	Program Services			Support Services			Total Expenses Year Ended December 31, 2018
	Training and Services	General Education	Total	Management and General	Fund Raising	Total	
Salaries and wages	\$ 1,399,437	\$ 91,226	\$ 1,490,663	\$ 104,726	\$ 150,117	\$ 254,843	\$ 2,141,777
Training center and kennels	255,838	-	255,838	-	-	-	543,725
Outside services	73,100	4,634	77,734	10,682	73,921	84,603	375,890
Employee insurance	187,397	14,560	201,957	32,111	14,990	47,101	305,766
Payroll taxes	102,027	8,243	110,270	18,282	8,335	26,617	167,062
Contract labor	137,187	2,373	139,560	-	-	-	161,836
Professional fees	54,497	5,408	59,905	14,933	7,389	22,322	137,611
Occupancy:							
Utilities	71,109	858	71,967	626	312	938	88,229
Rent	14,480	1,159	15,639	2,510	1,158	3,668	24,000
Maintenance	13,917	1,390	15,307	1,744	876	2,620	16,738
Printing and advertising	60,573	6,392	66,965	2,472	26,380	28,852	111,879
Meals / lodging	50,738	15,086	65,824	2,699	1,392	4,091	75,377
Supplies	34,459	1,581	36,040	7,763	1,979	9,742	62,225
Telephone	18,847	1,757	20,604	3,070	1,457	4,527	51,450
Equipment expense	37,965	2,105	40,070	4,980	2,461	7,441	47,381
Insurance	27,201	1,997	29,198	5,035	2,316	7,351	45,745
Postage	18,246	962	19,208	2,153	10,135	12,288	42,884
Miscellaneous	22,306	8,930	31,236	4,153	1,859	6,012	26,391
Membership and dues	10,659	527	11,186	1,338	757	2,095	19,207
Veterinary expense	8,335	-	8,335	-	-	-	13,487
Total Expenses Before Depreciation	2,598,318	169,188	2,767,506	219,277	305,834	525,111	4,458,660
Depreciation	134,813	10,225	145,038	23,881	10,995	34,876	223,560
TOTAL EXPENSES	\$ 2,733,131	\$ 179,413	\$ 2,912,544	\$ 243,158	\$ 316,829	\$ 559,987	\$ 4,682,220
Percentage of Total	78.71%	5.17%	83.88%	7.00%	9.12%	16.12%	100.00%
PRIOR YEAR TOTALS	\$ 3,600,315	\$ 245,984	\$ 3,846,299	\$ 330,017	\$ 505,904	\$ 835,921	\$ 4,682,220
PRIOR YEAR PERCENTAGES	76.89%	5.25%	82.14%	7.05%	10.81%	17.86%	100.00%

PAWS WITH A CAUSE, INC.®
STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2018)

	Nine Months Ended <u>September 30, 2019</u>	Year Ended <u>December 31, 2018</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in net assets	\$ (634,112)	\$ (270,862)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	179,914	223,560
Net (gains) / losses on investments	(291,457)	290,316
Donated securities received	(80,280)	(257,074)
Net (gains) / losses on sales of equipment	3,194	(3,037)
 (Increase) decrease in:		
Pledges receivable - net	199,146	42,057
Inventories	(4,164)	5,029
Prepaid expenses	32,225	(41,947)
 Increase (decrease) in:		
Accounts payable	(53,222)	34,678
Accrued salaries and wages	17,837	15,110
 Contributions restricted for endowment	<u>(96,287)</u>	<u>(11,600)</u>
 Net Cash Provided (Used) by Operating Activities	<u>(727,206)</u>	<u>26,230</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchases of investments	(572,031)	(1,376,957)
Proceeds from sale of investments	971,890	1,669,483
Proceeds from sale of equipment	-	15,674
Purchases of equipment	<u>(192,117)</u>	<u>(192,163)</u>
 Net Cash Provided (Used) by Investing Activities	<u>207,742</u>	<u>116,037</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Collections of endowment support	<u>96,287</u>	<u>11,600</u>
 Net Cash Provided (Used) by Financing Activities	<u>96,287</u>	<u>11,600</u>
 Net increase (decrease) in cash and cash equivalents	(423,177)	153,867
Cash and cash equivalents, beginning	<u>999,983</u>	<u>846,116</u>
Cash and cash equivalents, ending	<u>\$ 576,806</u>	<u>\$ 999,983</u>

See accompanying notes.

PAWS WITH A CAUSE, INC.®
NOTES TO FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2019

NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES - Paws With A Cause, Inc.® (PAWS®) was organized as a Michigan nonprofit corporation in 1979 as "Ears for the Deaf". The Organization's vision is to embrace innovation to address the aging population and to strengthen families living with disabilities.

PAWS® has its national headquarters in Wayland, Michigan and provides services in forty one (41) states in the United States of America. The Organization is primarily supported by public contributions, including wills and bequests, as well as United Way and federal/state combined campaigns. PAWS®' mission is to enhance the independence and quality of life for people with disabilities nationally through custom-trained Assistance Dogs. PAWS® increases awareness of the rights and roles of Assistance Dog teams through education and advocacy.

BASIS OF PRESENTATION - The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net Assets Without Donor Restriction - Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restriction - Net assets whose use is limited by donor-imposed time and / or purposes restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and / or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

PROPERTY AND EQUIPMENT - Property and equipment acquisitions exceeding \$2,000 are stated at cost except for donated equipment, which is stated at fair market value at date of receipt. In the absence of donor-imposed restrictions on how long donated assets must be maintained or how those assets are to be used, the Organization reports such donations as net assets without donor restriction. Restrictions on cash or other assets restricted to acquiring buildings, improvements or equipment, expire when such assets are acquired.

Depreciation is provided on the straight-line basis over the estimated useful lives of the respective assets, as follows:

Buildings and improvements	20 - 30 years
Computers, furniture, fixtures, equipment and vehicles	5 - 7 years

INVENTORY - Inventories are stated at cost on a first-in, first-out basis and consist of merchandise available for retail sale.

INVESTMENTS - The Organization accounts for investments under FASB ASC 820, *Fair Value Measurement and Disclosures*. Fair value measurement is determined based on the assumptions - referred to as inputs - that market participants would use in pricing the investment, as follows:

- Level 1 inputs - quoted price in an active market for an identical investment;
- Level 2 inputs - input that is observable for the investment, either directly or indirectly, other than quoted prices included within level 1;
- Level 3 inputs - unobservable inputs for the investment, used only when observable inputs are not available.

Unrealized, as well as realized gains and losses on investments are included in the change in net assets in the accompanying financial statements.

Donated securities are recorded at market value at the date of the gift.

In the absence of donor stipulations to the contrary, losses on investments of donor-restricted endowment funds are classified as decreases in net assets without donor restriction. Gains that restore the fair value of the assets of endowment funds to the level required by the donor are classified as increases in net assets without donor restriction.

CASH AND CASH EQUIVALENTS - For the purposes of the statement of cash flows, the Organization considers all highly liquid investments without donor restriction and with an initial maturity of three months or less to be cash equivalents.

PLEDGES RECEIVABLE - Pledges receivable are stated at their estimated net realizable value. When the Organization is notified of donor designations from United Ways and the Federal / state combined campaigns, the amounts are recognized as support, net of an estimated allowance for campaign costs and pledge shrinkage. This allowance is estimated based upon information received from the various donor pass through organizations, as well as historical results. Carrying amounts of pledges are periodically reassessed as additional information becomes available, and are adjusted accordingly.

INCOME TAXES - The Organization is a 501(c)(3) organization exempt from income tax as provided under Section 501 (a) of the Internal Revenue Code on all exempt purpose activities. The Organization is liable for federal income taxes on unrelated business income, if any, during the year.

DONATED SERVICES, MATERIALS AND EQUIPMENT - Agencies, business firms and others contribute materials and services toward the fulfillment of projects initiated by PAWS®. To the extent that contributions of materials and services are objectively measurable and represent program or support expenditures which would otherwise be incurred by PAWS®, they are reflected in both public support and program or supporting service expense in the accompanying financial statements.

Various volunteer services have not been reflected in the financial statements inasmuch as there is no objective basis available to measure the value of such services; however, a number of volunteers have donated substantial amounts of their time to program services.

Contributions of furniture and equipment are reflected in the accompanying financial statements to the extent that they are objectively measurable and represent program or support services expenditures that would otherwise be incurred by the Organization.

UNITED WAY AND FEDERAL/STATE COMBINED CAMPAIGNS - Pledges receivable from the United Way and federal/state combined campaigns are reported as net assets with donor restriction to the extent they represent contributions for the next fiscal year. Such contributions are then reclassified to net assets without donor restriction upon expiration of this time restriction.

FUNCTIONAL EXPENSES - Expenses identified as applying to a specific program or supporting service are recorded in the appropriate service area as incurred. Expenses not directly attributable to a program or supporting service are allocated between service areas based on percentages formulated through ongoing time studies of professional staff time.

USE OF ESTIMATES - 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 and 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 those estimates.

CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject PAWS® to concentrations of credit risk consist principally of temporary cash investments, pledges receivable and publicly traded securities.

Substantially all of PAWS®' cash is on deposit with three financial institutions, where they are insured by the Federal Deposit Insurance Corporation (FDIC) up to a maximum of \$250,000. At times throughout the year, the Organization may have cash balances at financial institutions that exceed the insured amount. Management does not believe this concentration of cash results in a high level of risk for the Organization.

Concentrations of credit risk with respect to pledges receivable are limited due to the large number of contributors comprising PAWS®' contributor base and their dispersion across different industries and geographic areas.

The Organization invests in publicly traded securities which are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

INVESTMENTS

Publicly traded investments at September 30, 2019, whose fair values were determined assuming Level 1 inputs, consisted of the following:

	Fair Value
Publicly traded mutual funds	\$ 2,243,621
Exchange traded funds	62,421
Certificates of deposit	381,882
	<hr/>
Total Investments	\$ 2,687,924

The following schedule summarizes the return on investments and interest bearing cash accounts, as well as their classification in the statement of activities:

Interest and dividend income	\$ 32,138
Net realized and unrealized losses on investments	291,457
	<hr/>
Classification in statement of activities:	
Investment gains (losses)	\$ 323,595

PLEDGES RECEIVABLE

Pledges receivable that are due to be collected during the ensuing fiscal year, consisted of the following:

United Ways	\$	5,231
Federal/state combined campaigns		76,707
Allowance for campaign costs and pledge shrinkage		<u>(16,277)</u>
		65,661
Other corporation, estates, trusts and individual pledges and contributions		<u>28,428</u>
Net pledges receivable	\$	<u>94,089</u>

BUILDINGS, IMPROVEMENTS AND EQUIPMENT

Buildings, improvements and equipment consisted of the following:

Land, buildings and improvements - Wayland, Michigan	\$	4,384,777
Computers		130,229
Furniture, fixtures and equipment		470,959
Vehicles		<u>271,196</u>
		5,257,161
Less accumulated depreciation		<u>3,616,461</u>
Net buildings, improvements and equipment	\$	<u>1,640,700</u>

CONTRIBUTIONS - NONCASH

The Organization was the recipient of donated publicly traded securities with a market value of \$80,280 during the nine months ended September 30, 2019.

Donated materials and services consist primarily of care and donation of dogs and veterinary, stud and other services related to the Training and Services and General Education programs. These materials and services are included as revenue and corresponding expense at their estimated fair market value of \$107,873.

RETIREMENT PLAN

PAWS® maintains a 403(b)(7) retirement plan covering substantially all full-time employees. The plan allows the employee to defer a portion of their current salary until future years. The amount deferred is available for distribution at retirement, death, disability or termination of employment.

The plan allows a 50% employer matching contribution, on each employee's contribution up to 6% of their gross pay. This matching provision is redetermined annually at the discretion of the Board of Directors. The Board elected to forego a match for the nine months ended September 30, 2019.

BANK LINE OF CREDIT

On May 10, 2019, the Organization renewed its \$1,000,000 line of credit with Huntington National Bank. The line of credit contains a provision for interest varying at 1% in excess of prime and a maturity date of May 10, 2020. The credit facility is secured by substantially all assets of the Organization. No amount is currently due under this line of credit.

LEASES

The Organization leases office space in Troy, Michigan under a month to month lease requiring payments of \$2,000 per month. The Organization is responsible for liability and property damage insurance, maintenance and utilities on the leased property. Rent expense under this lease amounted to \$18,000 during the nine months ended September 30, 2019.

Effective December 1, 2019, the Organization signed a five year lease for the Troy, Michigan office space, with rent of \$1,307 for the first year. There are incremental lease increases for years two through five.

The Organization leases office equipment under an operating lease requiring quarterly payments of \$517 through January 2022. Expense under this lease amounted to \$1,551 for the nine months ended September 30, 2019.

Net future minimum lease commitments under the aforementioned Troy, Michigan and equipment leases are as follows:

Year ending September 30:		
	2020	\$ 15,142
	2021	18,725
	2022	17,539
	2023	17,817
	2024	18,495
	2025	3,099
		<hr/>
Future minimum lease commitments		\$ 90,817
		<hr/> <hr/>

ADVERTISING COSTS

Advertising costs are charged to operations when incurred. Total advertising expense included in the statement of functional expenses was \$64,618 for the nine months ended September 30, 2019.

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

For purposes of the statement of cash flows, cash consists of balances of \$206,384 in checking accounts as well as money market account balances of \$369,922 and petty cash of \$500.

PAWS® was the recipient of donated publicly traded securities, supplies and other materials and services during 2019. See "CONTRIBUTIONS - NONCASH".

The Organization made no cash payments for interest or income taxes during the nine months ended September 30, 2019.

NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction are available for the following purposes or periods:

Subsequent year's activities	\$ 94,952
Assistance to persons with disabilities - California	51,069
Paws To Be Thankful	9,500
Training of dogs for veterans	26,243
Training of dogs – general	14,029
Capital improvements	18,651
Equipment acquisition and maintenance	575
	<hr/>
Total	\$ 215,019
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The following endowment net assets are to be maintained in perpetuity:

Endowment Fund	\$ 841,257
Westerman Fund	<u>50,000</u>
Total Endowment Net Assets	<u>\$ 891,257</u>

Income generated from the Westerman Fund is to be accumulated until it can cover the cost of training one dog. Income generated from the Endowment Fund is expendable for general operations.

The primary investment objective of endowment funds is to preserve and protect its assets by earning a total return. The Board approved acceptable ranges of endowment fund investments are as follows:

Equity securities - at least 80% should be rated B+ or better (Standard & Poor's)	75% to 100%
Fixed income securities - AA or better (Standard & Poor's)	Up to 20%
Short term reserves - A-1 or better (Standard & Poor's)	Up to 10%

NET ASSETS RELEASED FROM DONOR RESTRICTION

Net assets were released from donor restriction by incurring costs and expenses satisfying the restricted purposes specified by donors or by the passage of time, as follows:

Purpose restrictions accomplished:	
Training of dogs - general	\$ 6,000
Assistance to those with spinal cord injuries	27,148
Equipment acquisition and maintenance	3,098
Breeding program	153,754
Computer software	<u>3,558</u>
Total purpose restrictions accomplished	193,558
Time restrictions expired:	
Passage of specified time	<u>283,631</u>
Total restrictions released	<u>\$ 477,189</u>

LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets that could readily be made available within one year of the date of the statement of financial position to fund expenses without limitation:

Cash	\$ 576,806
Investments - operating	1,796,667
Pledges receivable - net	<u>94,089</u>
Total Minimum One Year Liquidity	<u>\$ 2,467,562</u>

Pledges receivable are subject to implied time restrictions but are expected to be collected within one year.

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Additionally, the Organization has a \$1 million committed line of credit, which it could draw upon in the event of an unanticipated liquidity need. See BANK LINE OF CREDIT.

BENEFICIAL INTEREST

The Organization is the beneficiary of an estate which holds real estate. The real estate has been appraised with a fair market value of \$400,000 - \$425,000. The estate will sell the property and distribute the net proceeds to the Organization. Since the date and amount are not yet determined, the financial benefit to the Organization has not been recorded in these financial statements.

SUBSEQUENT EVENTS

Subsequent events were evaluated through January 9, 2020, which is the date the financial statements were available to be issued.

Effective December 1, 2019, the Organization entered into a five year lease agreement for its Troy, Michigan office facility (refer to LEASES disclosure).