

**PAWS WITH A CAUSE, INC.®**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2020**  
**(WITH COMPARATIVE TOTALS FOR**  
**NINE MONTHS ENDED SEPTEMBER 30, 2019)**

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

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**MEYAARD TOLMAN & VENLET p.c.**  
*Certified Public Accountants*

Jayne E. Venlet, CPA  
John P. Rosendall, CPA

Matthew Mol, CPA, CFE  
Lyndon Wood, CPA  
Chanda M. Leech, CPA  
Tyler D. Westman, CPA

Glenn Meyaard, CPA (Retired)

**INDEPENDENT AUDITOR'S REPORT**

Charles D. Olszewski, CPA (1955-2020)  
Kenneth Tolman, CPA (1959-2003)

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, 2020, and the related statements of activities, cash flows and functional expenses 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.

**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, 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.

**Report on Summarized Comparative Information**

We have previously audited Paws With A Cause, Inc.'s September 30, 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated January 9, 2020. In our opinion, the summarized comparative information presented herein as of and for the nine months ended September 30, 2019, 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 8, 2021

**PAWS WITH A CAUSE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2020**  
**(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2019)**

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
<b>CURRENT:</b>		
Cash	\$ 834,610	\$ 576,806
Investments	1,859,164	1,796,667
Pledges receivable - net	60,735	94,089
Inventories	44,468	25,924
Prepaid expenses	<u>30,738</u>	<u>67,259</u>
Total Current Assets	<u>2,829,715</u>	<u>2,560,745</u>
<b>PROPERTY AND EQUIPMENT:</b>		
Buildings, improvements and equipment - net of accumulated depreciation	<u>1,457,721</u>	<u>1,640,700</u>
<b>OTHER:</b>		
Investments	<u>896,257</u>	<u>891,257</u>
TOTAL ASSETS	<u><u>\$ 5,183,693</u></u>	<u><u>\$ 5,092,702</u></u>

See accompanying notes.

<u>LIABILITIES</u>	<u>2020</u>	<u>2019</u>
CURRENT:		
Accounts payable - trade	\$ 26,042	\$ 66,722
Accrued salaries, wages and withholdings	32,983	75,184
Note payable - Paycheck Protection Program	<u>573,737</u>	<u>-</u>
Total Current Liabilities	<u>632,762</u>	<u>141,906</u>
 TOTAL LIABILITIES	 <u>632,762</u>	 <u>141,906</u>
 <u>NET ASSETS</u>		
NET ASSETS WITHOUT DONOR RESTRICTION:		
Investment in property and equipment	1,457,721	1,640,700
Other	<u>2,043,580</u>	<u>2,203,820</u>
Total Net Assets Without Donor Restriction	<u>3,501,301</u>	<u>3,844,520</u>
NET ASSETS WITH DONOR RESTRICTION:		
Endowment	896,257	891,257
Other	<u>153,373</u>	<u>215,019</u>
Total Net Assets With Donor Restriction	<u>1,049,630</u>	<u>1,106,276</u>
TOTAL NET ASSETS	<u>4,550,931</u>	<u>4,950,796</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 5,183,693</u>	 <u>\$ 5,092,702</u>

**PAWS WITH A CAUSE, INC.  
STATEMENTS OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2020**

**(WITH COMPARATIVE TOTALS FOR NINE MONTHS ENDED SEPTEMBER 30, 2019)**

	Net Assets Without Donor Restriction	Net Assets With Donor Restriction	Totals	
			Year Ended September 30, 2020	Nine months Ended September 30, 2019
<b>PUBLIC SUPPORT AND REVENUES:</b>				
Contributions	\$ 2,808,267	\$ 180,082	\$ 2,988,349	\$ 2,078,036
Support from United Ways	483,998	-	483,998	180,201
Support from federal / state combined campaigns	55,896	-	55,896	84,368
Special events	61,577	-	61,577	96,295
Less direct costs	(2,587)	-	(2,587)	(26,528)
Other revenue	165,782	-	165,782	102,452
Investment gains (losses)	203,419	-	203,419	323,595
Net assets released from restrictions:				
Release of purpose restrictions	80,359	(80,359)	-	-
Release of time restrictions	156,369	(156,369)	-	-
<b>Total Public Support and Revenues</b>	<b>4,013,080</b>	<b>(56,646)</b>	<b>3,956,434</b>	<b>2,838,419</b>
<b>EXPENSES:</b>				
Program services:				
Training and services	3,518,835	-	3,518,835	2,733,131
General education	86,502	-	86,502	179,413
<b>Total Program Services Expenses</b>	<b>3,605,337</b>	<b>-</b>	<b>3,605,337</b>	<b>2,912,544</b>
Support services:				
Management and general	302,561	-	302,561	243,158
Fund raising	448,401	-	448,401	316,829
<b>Total Support Services Expenses</b>	<b>750,962</b>	<b>-</b>	<b>750,962</b>	<b>559,987</b>
<b>Total Program and Support Services Expenses</b>	<b>4,356,299</b>	<b>-</b>	<b>4,356,299</b>	<b>3,472,531</b>
<b>CHANGE IN NET ASSETS</b>	<b>(343,219)</b>	<b>(56,646)</b>	<b>(399,865)</b>	<b>(634,112)</b>
<b>NET ASSETS - BEGINNING</b>	<b>3,844,520</b>	<b>1,106,276</b>	<b>4,950,796</b>	<b>5,584,908</b>
<b>NET ASSETS - ENDING</b>	<b>\$ 3,501,301</b>	<b>\$ 1,049,630</b>	<b>\$ 4,550,931</b>	<b>\$ 4,950,796</b>

See accompanying notes.

**PAWS WITH A CAUSE, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2020**  
**(WITH COMPARATIVE TOTALS FOR NINE MONTHS ENDED SEPTEMBER 30, 2019)**

	Program Services			Support Services			Total Expenses Year Ended September 30, 2020	Total Expenses Nine Months Ended September 30, 2019
	Training and Services	General Education	Total	Management and General	Fund Raising	Total		
Salaries and wages	\$ 1,795,711	\$ 55,478	\$ 1,851,189	\$ 136,063	\$ 260,426	\$ 396,489	\$ 1,745,506	
Training center and kennels	351,021	-	351,021	-	597	597	255,838	
Outside services	183,586	4,782	188,368	22,855	59,036	81,891	162,337	
Software technology	54,409	1,068	55,477	5,481	5,568	11,049	-	
Employee insurance	278,844	7,873	286,717	47,295	30,642	77,937	249,058	
Payroll taxes	139,016	4,101	143,117	19,392	13,032	32,424	136,887	
Contract labor	124,373	84	124,457	-	-	-	139,560	
Professional fees	47,279	1,051	48,330	7,475	4,087	11,562	82,227	
Occupancy:								
Utilities	76,122	638	76,760	6,896	4,579	11,475	72,905	
Rent	17,465	-	17,465	-	-	-	19,307	
Maintenance	10,220	206	10,426	1,549	1,092	2,641	17,927	
Printing and advertising	10,752	147	10,899	1,196	28,487	29,683	95,817	
Meals / lodging	31,508	858	32,366	2,909	2,467	5,376	69,915	
Supplies	34,066	534	34,600	7,370	1,805	9,175	45,782	
Telephone	24,051	696	24,747	3,943	2,491	6,434	25,131	
Equipment expense	32,273	732	33,005	3,324	1,852	5,176	47,511	
Insurance	40,241	1,191	41,432	5,905	4,206	10,111	36,549	
Postage	18,251	391	18,642	1,971	15,363	17,334	31,496	
Miscellaneous	16,745	3,566	20,311	11,520	1,913	13,433	37,248	
Membership and dues	7,942	155	8,097	1,456	376	1,832	13,281	
Veterinary expense	29,974	-	29,974	-	-	-	8,335	
<b>Total Expenses Before Depreciation</b>	<b>3,323,849</b>	<b>83,551</b>	<b>3,407,400</b>	<b>286,600</b>	<b>438,019</b>	<b>724,619</b>	<b>3,292,617</b>	
Depreciation	194,986	2,951	197,937	15,961	10,382	26,343	179,914	
<b>TOTAL EXPENSES</b>	<b>\$ 3,518,835</b>	<b>\$ 86,502</b>	<b>\$ 3,605,337</b>	<b>\$ 302,561</b>	<b>\$ 448,401</b>	<b>\$ 750,962</b>	<b>\$ 3,472,531</b>	
Percentage (%) of Total	80.78%	1.99%	82.77%	6.94%	10.29%	17.23%	100.00%	
<b>PRIOR NINE MONTH TOTALS \$</b>	<b>2,733,131</b>	<b>\$ 179,413</b>	<b>\$ 2,912,544</b>	<b>\$ 243,158</b>	<b>\$ 316,829</b>	<b>\$ 559,987</b>	<b>\$ 3,472,531</b>	
<b>PRIOR NINE MONTH %</b>	<b>78.71%</b>	<b>5.17%</b>	<b>83.88%</b>	<b>7.00%</b>	<b>9.12%</b>	<b>16.12%</b>	<b>100.00%</b>	



**PAWS WITH A CAUSE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEAR ENDED SEPTEMBER 30, 2020**  
**(WITH COMPARATIVE TOTALS FOR NINE MONTHS ENDED SEPTEMBER 30, 2019)**

	<u>Year Ended September 30, 2020</u>	<u>Nine Months Ended September 30, 2019</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in net assets	\$ (399,865)	\$ (634,112)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	224,280	179,914
Net (gains) / losses on investments	(97,092)	(291,457)
Donated securities received	(4,093)	(80,280)
Net (gains) / losses on sales of equipment	-	3,194
(Increase) decrease in:		
Pledges receivable - net	33,354	199,146
Inventories	(18,544)	(4,164)
Prepaid expenses	36,521	32,225
Increase (decrease) in:		
Accounts payable	(40,680)	(53,222)
Accrued salaries and wages	(42,201)	17,837
Contributions restricted for endowment	(5,000)	(96,287)
Net Cash Provided (Used) by Operating Activities	<u>(313,320)</u>	<u>(727,206)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Purchases of investments	(272,892)	(572,031)
Proceeds from sale of investments	306,580	971,890
Proceeds from sale of equipment	-	-
Purchases of equipment	(41,301)	(192,117)
Net Cash Provided (Used) by Investing Activities	<u>(7,613)</u>	<u>207,742</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>		
Proceeds from note payable - Paycheck Protection Program	573,737	-
Collections of endowment support	5,000	96,287
Net Cash Provided (Used) by Financing Activities	<u>578,737</u>	<u>96,287</u>
Net increase (decrease) in cash and cash equivalents	257,804	(423,177)
Cash and cash equivalents, beginning	<u>576,806</u>	<u>999,983</u>
Cash and cash equivalents, ending	<u>\$ 834,610</u>	<u>\$ 576,806</u>

See accompanying notes.

**PAWS WITH A CAUSE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2020**

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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".

PAWS raises puppies and custom-trains Assistance Dogs to create opportunities for people with disabilities and communities to live with dignity, companionship, and confidence. Throughout the Organization's 41 year history, over 3,000 Assistance Dogs have been provided to people with disabilities. Currently PAWS is serving 425 active Client/Dog teams in more than 30 states across the USA. As the largest Service Dog organization in the Great Lakes Region, PAWS is primarily supported by public contributions, including wills and bequests, as well as United Way and federal/state combined campaigns.

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
Furniture, fixtures, equipment and vehicles	5 - 7 years
Computers	3 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, 2020, whose fair values were determined assuming Level 1 inputs, consisted of the following:

	Fair Value
Publicly traded mutual funds	\$ 2,335,136
Exchange traded funds	66,668
Certificates of deposit	<u>353,617</u>
Total Investments	<u>\$ 2,755,421</u>

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	\$ 106,327
Net realized and unrealized losses on investments	<u>97,092</u>
Classification in statement of activities:	
Investment gains	<u>\$ 203,419</u>

## PLEDGES RECEIVABLE

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

United Ways	\$ 8,326
Federal/state combined campaigns	<u>52,409</u>
Net pledges receivable	<u>\$ 60,735</u>

## BUILDINGS, IMPROVEMENTS AND EQUIPMENT

Buildings, improvements and equipment consisted of the following:

Land, buildings and improvements - Wayland, Michigan	\$ 4,398,217
Computers	140,055
Furniture, fixtures and equipment	486,561
Vehicles	<u>271,196</u>
	5,296,029
Less accumulated depreciation	<u>3,838,308</u>
Net buildings, improvements and equipment	<u>\$ 1,457,721</u>

## CONTRIBUTIONS - NONCASH

The Organization was the recipient of donated publicly traded securities with a fair value of \$4,093 during the year ended September 30, 2020.

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. The Organization was the recipient of three dogs with a total fair value of \$10,000 and materials and services valued at \$81,368. The total fair value of \$91,368 is included as revenue and corresponding expense.

## 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 year ended September 30, 2020.

## 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, 2021. 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 leased office space in Troy, Michigan under a month to month lease requiring payments of \$2,000 per month. The Organization was responsible for liability and property damage insurance, maintenance and utilities on the leased property. Rent expense under this lease amounted to \$4,000 during the year ended September 30, 2020.

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. Rent expense under this lease amounted to \$13,465 during the year ended September 30, 2020.

The Organization leases office equipment under an operating lease requiring quarterly payments of \$517 through January 2022. Expense under this lease amounted to \$2,068 for the year ended September 30, 2020.

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

Year ending September 30:		
	2021	\$ 22,068
	2022	18,374
	2023	17,817
	2024	18,495
	2025	<u>3,099</u>
Future minimum lease commitments		<u>\$ 79,853</u>

## ADVERTISING COSTS

Advertising costs are charged to operations when incurred. Total advertising expense included in the statement of functional expenses was \$5,367 for the year ended September 30, 2020.

## SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

For purposes of the statement of cash flows, cash consists of balances of \$534,344 in checking accounts as well as money market account balances of \$299,766 and petty cash of \$500.

PAWS was the recipient of donated publicly traded securities, supplies and other materials and services during 2020. See "CONTRIBUTIONS - NONCASH".

The Organization made no cash payments for interest or income taxes during the year ended September 30, 2020.

## NET ASSETS WITH DONOR RESTRICTION

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

Subsequent year's activities	\$ 60,276
Assistance to persons with disabilities - California	51,069
Bulb Digital project	4,960
Training of dogs – general	18,417
Capital improvements	<u>18,651</u>
Total	<u>\$ 153,373</u>

The following endowment net assets are to be maintained in perpetuity:

Endowment Fund	\$ 846,257
Westerman Fund	<u>50,000</u>
Total Endowment Net Assets	<u>\$ 896,257</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 for veterans	\$ 26,243
Paws To Be Thankful	9,500
Equipment acquisition and maintenance	15,576
Bulb Digital project	<u>29,040</u>
Total purpose restrictions accomplished	80,359
Time restrictions expired:	
Passage of specified time	<u>156,369</u>
Total restrictions released	<u>\$ 236,728</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	\$ 834,610
Investments - operating	1,859,164
Pledges receivable - net	<u>60,735</u>
Total Minimum One Year Liquidity	<u>\$ 2,754,509</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.

#### CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel strain of coronavirus (COVID- 19) a global pandemic and recommended containment and mitigation measures worldwide. As of the date these financial statements were available to be issued, the Organization remains open, subject to restrictions. We cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact the Organization's financial position, results of operations, or cash flows in the future. The Organization has taken steps to mitigate the financial impact, including, but not limited to: obtaining a Paycheck Program Program loan of \$573,737.

#### NOTE PAYABLE - PAYCHECK PROTECTION PROGRAM

On April 27, 2020, the Organization received a Paycheck Protection Program loan from The Huntington National Bank for \$573,737. The funds were primarily used for payroll costs during spring and summer 2020. The Organization believes all funds were used for the intended, allowable purposes, and that the loan will be forgiven in the fiscal year ending September 30, 2021. The loan is shown as a current liability on these financial statements, and will be reclassified into income upon forgiveness.

#### SUBSEQUENT EVENTS

Subsequent events were evaluated through January 8, 2021, which is the date the financial statements were available to be issued. The Organization determined that no additional disclosures were required.