

C.H.A.M.P. ASSISTANCE DOGS, INC.
(A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDED
SEPTEMBER 30, 2021 AND 2020

C.H.A.M.P. ASSISTANCE DOGS, INC.

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Linda A. Howdeshell, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
C.H.A.M.P. Assistance Dogs, Inc.,
St. Louis, MO 63146

Report on the Financial Statements

I have audited the accompanying financial statement of C.H.A.M.P. Assistance Dogs, Inc., (a nonprofit organization) which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. The financial statements of C.H.A.M.P. Assistance Dogs, Inc., as of September 30, 2020, were audited by another auditor whose report dated December 1, 2020, expressed an unqualified opinion on those 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the C.H.A.M.P. Assistance Dogs, Inc., as of September 30, 2021, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Linda A. Hardschell CPA

St. Louis, Missouri

January 28, 2022

C.H.A.M.P. Assistance Dogs, Inc.
STATEMENTS OF FINANCIAL POSITION

ASSETS		September 30,	
		2021	2020
CURRENT ASSETS			
Cash and cash equivalents	\$	347,741	\$ 213,097
Contributions receivable, net of allowance		39	-
Prepaid expenses		-	4,805
Security deposit		2,805	2,805
Total Current Assets		350,585	220,707
PROPERTY AND EQUIPMENT, net			
accumulated depreciation		5,415	11,746
TOTAL ASSETS	\$	356,000	\$ 232,453
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$	3,751	\$ 2,415
Accrued expenses		8,043	-
Payroll Protection Program		-	46,463
Total Liabilities		11,794	48,878
NET ASSETS			
Funds without donor restrictions			
Invested in capital assets		5,415	11,746
Available for operations		299,492	169,579
Total funds without donor restrictions		304,907	181,325
Funds with donor restrictions		39,299	2,250
Total Net Assets		344,206	183,575
TOTAL LIABILITIES AND NET ASSETS	\$	356,000	\$ 232,453

See accompanying notes to financial statements

C.H.A.M.P. Assistance Dogs, Inc.
STATEMENT OF ACTIVITIES

	For the Year Ended September 30, 2021		
	<u>Funds Without</u>	<u>Funds With</u>	
	<u>Donor Restrictions</u>	<u>Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Support			
Contributions	\$ 292,599	\$ -	\$ 292,599
Grants	61,824	39,176	101,000
Special Events	93,824	-	93,824
Contributions in-kind	33,252	-	33,252
Revenue			
Program revenues	3,890	-	3,890
Investment income	318	-	318
Paycheck protection program	97,245	-	97,245
Miscellaneous	18	-	18
Net assets released from restrictions	<u>2,127</u>	<u>(2,127)</u>	<u>-</u>
 TOTAL SUPPORT AND REVENUE	 <u>585,097</u>	 <u>37,049</u>	 <u>622,146</u>
 EXPENSES			
Program services	352,564	-	352,564
Supporting services			
Management and general	29,804	-	29,804
Fundraising	<u>79,147</u>	<u>-</u>	<u>79,147</u>
 TOTAL EXPENSES	 <u>461,515</u>	 <u>-</u>	 <u>461,515</u>
 CHANGE IN NET ASSETS	 123,582	 37,049	 160,631
 NET ASSETS, Beginning of year	 <u>181,325</u>	 <u>2,250</u>	 <u>183,575</u>
 NET ASSETS, End of year	 <u>\$ 304,907</u>	 <u>\$ 39,299</u>	 <u>\$ 344,206</u>

See accompanying notes to financial statements

C.H.A.M.P. Assistance Dogs, Inc.
STATEMENT OF ACTIVITIES

	For the Year Ended September 30, 2020		
	Funds Without Donor Restrictions	Funds With Donor Restrictions	Total
SUPPORT AND REVENUE			
Support			
Contributions	\$ 183,256	\$ -	\$ 183,256
Grants	113,038	-	113,038
Special Events	10,286	-	10,286
Contributions in-kind	19,838	-	19,838
Revenue			
Program revenues	4,015	-	4,015
Investment income	415	-	415
Paycheck protection program	-	-	-
Other income	19,692	-	19,692
Net assets released from restrictions	-	-	-
TOTAL SUPPORT AND REVENUE	350,540	-	350,540
EXPENSES			
Program services	263,786	-	263,786
Supporting services			
Management and general	28,983	-	28,983
Fundraising	46,207	-	46,207
TOTAL EXPENSES	338,976	-	338,976
CHANGE IN NET ASSETS	11,564	-	11,564
NET ASSETS, Beginning of year	169,761	2,250	172,011
NET ASSETS, End of year	<u>\$ 181,325</u>	<u>\$ 2,250</u>	<u>\$ 183,575</u>

See accompanying notes to financial statements

C.H.A.M.P. Assistance Dogs, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2021

	Program Services					Supporting Services			
	Service Dog Program	Community Education	Therapy Dog Program	Rescue Dog Program	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Payroll	\$ 116,903	\$ 37,952	\$ 74,636	\$ -	\$ 229,491	\$ 17,391	\$ 37,952	\$ 55,343	\$ 284,834
Payroll taxes	8,948	2,903	5,710	-	17,561	1,193	2,903	4,096	21,657
Total payroll and payroll taxes	125,851	40,855	80,346	-	247,052	18,584	40,855	59,439	306,491
Facility expense	21,122	3,648	6,986	-	31,756	2,622	6,171	8,793	40,549
Veterinary expense	28,178	-	-	-	28,178	-	-	-	28,178
Supplies and equipment	9,042	66	563	-	9,671	104	16,056	16,160	25,831
Professional services	9,543	211	1,115	-	10,869	5,051	5,887	10,938	21,807
Animal acquisitions	8,300	-	-	-	8,300	-	-	-	8,300
Depreciation	4,677	-	-	-	4,677	334	557	891	5,568
Insurance	2,706	554	999	-	4,259	775	277	1,052	5,311
Dues and subscriptions	675	-	144	-	819	62	3,046	3,108	3,927
Travel, meals, conferences	2,109	-	389	-	2,498	-	1,088	1,088	3,586
Printing and publications	158	63	63	-	284	-	3,436	3,436	3,720
Bank charges	-	-	-	-	-	2,227	427	2,654	2,654
Other expense	1,410	403	17	-	1,830	-	491	491	2,321
Vehicle expense	2,004	229	-	-	2,233	-	-	-	2,233
Postage and shipping	117	-	21	-	138	40	856	896	1,034
Licenses and permits	-	-	-	-	-	5	-	5	5
Total Expenses	<u>\$ 215,892</u>	<u>\$ 46,029</u>	<u>\$ 90,643</u>	<u>\$ -</u>	<u>\$ 352,564</u>	<u>\$ 29,804</u>	<u>\$ 79,147</u>	<u>\$ 108,951</u>	<u>\$ 461,515</u>

See accompanying notes to financial statements

C.H.A.M.P. Assistance Dogs, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2020

	Program Services					Supporting Services			
	Service Dog Program	Community Education	Therapy Dog Program	Rescue Dog Program	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Payroll	\$ 82,356	\$ 34,354	\$ 57,354	\$ 1,616	\$ 175,680	\$ 15,726	\$ 34,353	\$ 50,079	\$ 225,759
Payroll taxes	6,128	2,628	4,387	124	13,267	1,078	2,628	3,706	16,973
Total Payroll and payroll taxes	88,484	36,982	61,741	1,740	188,947	16,804	36,981	53,785	242,732
Facility expense	13,630	3,976	7,256	313	25,175	2,515	4,017	6,532	31,707
Veterinary expense	19,731	-	-	80	19,811	-	-	-	19,811
Supplies and equipment	7,501	332	191	13	8,037	117	574	691	8,728
Professional services	665	179	901	14	1,759	4,942	252	5,194	6,953
Animal acquisitions	8,900	-	-	-	8,900	-	-	-	8,900
Depreciation	1,948	583	504	-	3,035	315	851	1,166	4,201
Insurance	2,027	698	927	40	3,692	850	578	1,428	5,120
Dues and subscriptions	545	-	49	-	594	23	168	191	785
Travel, meals, conferences	497	65	30	-	592	111	27	138	730
Printing and publications	202	63	106	-	371	-	1,737	1,737	2,108
Bank charges	-	-	-	-	-	1,026	-	1,026	1,026
Other expense	9,409	225	232	15	9,881	1,862	479	2,341	12,222
Vehicle expense	1,191	-	229	71	1,491	-	-	-	1,491
Postage and shipping	220	28	20	-	268	80	543	623	891
Licenses and permits	133	-	-	-	133	338	-	338	471
Total Expenses	<u>\$ 155,083</u>	<u>\$ 43,131</u>	<u>\$ 72,186</u>	<u>\$ 2,286</u>	<u>\$ 272,686</u>	<u>\$ 28,983</u>	<u>\$ 46,207</u>	<u>\$ 75,190</u>	<u>\$ 347,876</u>

See accompanying notes to financial statements
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C.H.A.M.P. Assistance Dogs, Inc.
STATEMENT OF CASH FLOWS

	Years Ended September 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 160,631	\$ 11,564
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	5,568	4,201
Realized (gain) loss	763	(19,636)
Forgiveness of indebtedness	(97,245)	-
(Increase) decrease in assets:		
Contributions receivable	(39)	8,425
Prepaid expenses	4,805	(4,805)
Security deposit	-	(2,805)
(Decrease) increase in liabilities:		
Accounts payable	1,336	(4,088)
Accrued expenses	8,043	-
Net Change in Cash and Cash Equivalents from Operating Activities	83,862	(7,144)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed asset additions	-	(14,360)
Proceeds from sale of fixed assets	-	59,680
Purchase of investments	-	(3,037)
Proceeds from sale of investments	-	2,981
Net Change in Cash and Cash Equivalents from Investing Activities	-	45,264
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from SBA PPP loan	50,782	46,463
Net Change in Cash and Cash Equivalents from Financing Activities	50,782	46,463
NET CHANGE IN CASH AND CASH EQUIVALENTS	134,644	84,583
CASH AND CASH EQUIVALENTS -- BEGINNING OF THE YEAR	213,097	128,514
CASH AND CASH EQUIVALENTS -- END OF THE YEAR	\$ 347,741	\$ 213,097
SUPPLEMENTAL DISCLOSURES		
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -

See accompanying notes to financial statements

C.H.A.M.P. Assistance Dogs, Inc.,
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Operations

C.H.A.M.P. Assistance Dogs, Inc., (“CHAMP”) is a not-for-profit organization formed in 1998 to raise and train service dogs to assist people with physical disabilities. The services of a specially trained dog and a comprehensive educational program to utilize such a dog can provide the disabled person with a more independent life style and a better sense of self-worth and competency. CHAMP empowers the lives of children and adults with physical and cognitive disabilities through the placement of specially-trained service dogs, and provides custom-trained facility dogs to work with caregivers in hospitals, child advocacy centers and courthouses.

Basis of Accounting

The accompanying financial statements of CHAMP have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the organization’s management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The organization’s management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions are resources available to support operations. The only limits on the use of net assets without donor restrictions are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

C.H.A.M.P. Assistance Dogs, Inc.,
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets (continued)

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The organization's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from funds with donor restrictions to funds without donor restrictions.

Net assets with donor restrictions also includes resources whose use by the organization is limited by donor-imposed restrictions that neither expired by being used in accordance with a donor's restriction nor by the passage of time. The portion of the organization's donor-restricted endowment funds that must be maintained in perpetuity are classified in this net asset class, as is the organization's beneficial interest in a perpetual charitable trust held by a bank trustee.

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the use of the related resources is subject to donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net losses on endowment investments reduce net assets with donor restrictions to the extent that net gains of the fund from prior years are unspent and classified there; remaining losses are classified as decreases in net assets without donor restrictions. If an endowment fund has no net gains from prior years, such as when a fund is newly established, net losses are classified as decreases in net assets without donor restrictions.

Currently, CHAMP does not have any net assets whose restrictions neither expire by use of a donor's restricted purpose or by passage of time.

Cash and Cash Equivalents

Cash and cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature.

C.H.A.M.P. Assistance Dogs, Inc.,
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

The organization invests cash in excess of its immediate needs in money market funds and deposit accounts. Investments are reported at fair value and are included in cash and cash equivalents due to the liquid nature of the accounts.

Contributions Receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the contribution or promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed. Historically, promises to give have been fully collectible and no allowance is deemed necessary for promises to give.

Fixed Assets

Maintenance and repairs that materially add value to the property or appreciably prolong its life are recorded as an increase to the appropriate asset account. Maintenance and repairs that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method and the half year convention over the estimated useful lives of the assets, as follows:

Furniture and equipment	5-7 Years
Software	3 Years
Leasehold improvements	7 Years

CHAMP capitalizes all fixed assets with a useful life of at least one year, unless otherwise stated by a grant. When an asset is purchased through a grant, the grant's capitalization rules apply. Fixed assets are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

C.H.A.M.P. Assistance Dogs, Inc.,
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as funds with donor restrictions until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

From time to time the organization is a beneficiary under donor's wills. Contributions from bequests are recognized as contributions receivable when the probate court declares that the will is valid and the organization has an irrevocable right to the bequest. Restricted contributions which are received and expended in the same fiscal year are reported as increases in net assets without donor restrictions.

Contributions In-kind

The organization periodically receives contributions in a form other than cash or investments. If the organization receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the organization's capitalization policy. Donated use of facilities is reported as contributions and as expenses at the estimated fair value of similar space for rent under similar conditions. If the use of the space is promised unconditionally for a period greater than one year, the contribution is reported as a contribution and an unconditional promise to give at the date of gift, and the expense is reported over the term of use. Donated supplies are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed.

The organization benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the organization's program operations and in its fund-raising campaigns. However, the majority of the contributed services do not meet the criteria for recognition in financial statements. GAAP allow recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

C.H.A.M.P. Assistance Dogs, Inc.,
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants

Grants are recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants.

Expense Recognition and Allocation

The cost of providing the organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited based off of square footage for building related expenses and time spent for payroll related expenses.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Tax Status

The organization is incorporated exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). The organization is not classified as a private foundation.

C.H.A.M.P. Assistance Dogs, Inc.,
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements

The organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- *Level 1.* Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.
- *Level 2.* Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets in markets that are not active;
 - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
 - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- *Level 3.* Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When available, the organization measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for many of the assets and liabilities that the organization is required to measure at fair value (for example, unconditional promises to give and in-kind contributions).

C.H.A.M.P. Assistance Dogs, Inc.,
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

The primary uses of fair value measures in the organization's financial statements are

- initial measurement of noncash gifts, including gifts of investment assets and unconditional promises to give.
- recurring measurement of short term investments.
- recurring measurement of endowment investments

NOTE B – INVESTMENTS

CHAMP is required to report its fair value measurements in one of three levels, which are based on the ability to observe in the marketplace the inputs to the organization's valuation techniques. Level 1, the most observable level of inputs, is for investments measured at quoted prices in active markets for identical investments as of the September 30, 2021. Level 2 is for investments measured using inputs such as quoted prices for similar assets, quoted prices for the identical asset in inactive markets, and for investments measured at net asset value that can be redeemed in the near term. Level 3 is for investments measured using inputs that are unobservable, and is used in situations for which there is little, if any, market activity for the investment. All of CHAMP' investments are reported based on Level 1 inputs.

NOTE C – FIXED ASSETS

Fixed assets are as follows at September 30:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 11,410	\$ 20,992
Software	5,874	5,953
Leasehold improvements	<u>946</u>	<u>946</u>
	18,230	27,891
Less accumulated depreciation	<u>(12,815)</u>	<u>(16,145)</u>
Net Property and Equipment	<u>\$ 5,415</u>	<u>\$ 11,746</u>

C.H.A.M.P. Assistance Dogs, Inc.,
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE D – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes, or periods at September 30,

	<u>2021</u>	<u>2020</u>
Purpose restriction		
First two years service dog training	\$ 6,250	\$ -
Puppy training	12,500	-
Two years training for veteran assistance dog	2,500	-
Assistance dog training salaries	17,926	-
Angel Fund	<u>123</u>	<u>2,250</u>
	<u>\$ 39,299</u>	<u>\$ 2,250</u>

The Angel Fund was established to provide for clients who may incur extraordinary expenses while caring for their dog or for the special needs of their retired service dog.

NOTE E – LEASE

December 11, 2019, CHAMP entered into a lease agreement for office space. The term of the lease is 36 months with base monthly lease payments of \$2,805 commencing December 15, 2019. CHAMPS is also responsible for a portion of insurance and taxes paid on the building. Lease expense was \$33,708, and \$21,038, for the years ending September 30, 2021, and 2020, respectively. Future minimum base lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 33,660
2023	<u>8,415</u>
	<u>\$ 42,075</u>

NOTE F – LIQUIDITY AND RESERVE FUND

CHAMP is substantially supported by grants, contributions, and program revenue. A reserve is maintained to ensure the stability of the mission, programs, employment, and ongoing operations of the organization. CHAMP has a goal of at least three months available for operations.

NOTE G – RECLASSIFICATION

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

C.H.A.M.P. Assistance Dogs, Inc.,
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE H – IN-KIND CONTRIBUTIONS

Donated services and materials are recorded at the estimated fair value if they enhance CHAMP's non-financial assets or are specialized skills that would normally need to be purchased if not provided by donation. Volunteers donated a significant amount of time to program services and fundraising which did not meet the requirements for recognizing in the financial statements.

Significant qualifying services and materials contributed to CHAMP are recorded at fair value upon receipt. CHAMP recognized in-kind contributions as follows for the years ending September 30,:

	<u>2021</u>	<u>2020</u>
Donations provided for special events	\$ 15,074	\$ 4,457
Veterinary supplies	1,248	1,499
Veterinary services	4,721	3,875
Dog acquisitions for Service Dog Training Program	7,600	5,600
Support supplies	2,438	7,362
Support services	-	432
Program supplies	<u>2,170</u>	<u>1,070</u>
Total	<u>\$ 33,251</u>	<u>\$ 24,295</u>

NOTE I – PAYCHECK PROTECTION PROGRAM

May 5, 2020, CHAMP entered into an agreement for a loan with a lending institution in the amount of \$46,463. Proceeds from this debt were used in accordance with Paycheck Protection Program guidelines and CARES Act legislation. All conditions were met and the loan was forgiven effective February 10, 2021. The funds from this loan are appropriately reported on the Statement of Activities.

March 10, 2021, CHAMP entered into an agreement for a loan with a lending institution in the amount of \$50,782. Proceeds from this debt were used in accordance with Paycheck Protection Program guidelines and CARES Act legislation. All conditions were met and the loan was forgiven effective September 17, 2021. The funds from this loan are appropriately reported on the Statement of Activities.

NOTE J – SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 28, 2022, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.