

CANINE PARTNERS FOR LIFE

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

**YEAR ENDED June 30, 2016
(With Comparative Totals for 2015)**

CANINE PARTNERS FOR LIFE

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SNYDER, DAITZ & COMPANY

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**DENNIS NATALI, CPA
JOSEPH P. LEONARD, CPA**

Independent Auditor's Report

Board of Directors
Canine Partners for Life
Cochranville, Pennsylvania

We have audited the accompanying financial statements of Canine Partners for Life, which comprise the statement of financial position as of June 30, 2016 and the related statements of activities, functional expenses and cash flows 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 Canine Partners for Life as of June 30, 2016 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 Canine Partners for Life's 2015 financial statements, and our report dated October 27, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.



SNYDER, DAITZ & COMPANY
Philadelphia, PA

November 7, 2016

CANINE PARTNERS FOR LIFE

STATEMENT OF FINANCIAL POSITION June 30, 2016 (With Comparative Totals for 2015)

<u>ASSETS</u>	2016	2015
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 1,030,267	\$ 705,242
Grants and contributions receivable	297,243	627,362
Accounts receivable	244	237
Prepaid expenses	7,143	7,962
Total Current Assets	\$ 1,334,897	\$ 1,340,803
<u>NON-CURRENT ASSETS</u>		
Investments at market value	\$ 1,177,447	\$ 1,108,610
Grants and contributions receivable	827,258	980,460
Property and equipment, (net of depreciation of \$904,210 and \$841,458)	1,077,273	1,140,024
Preconstruction costs	582,965	425,922
Total Assets	\$ 4,999,840	\$ 4,995,819
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 12,950	\$ 13,512
Payroll withholding payable	0	442
Line of credit	70,250	0
Current portion of long-term debt	23,911	22,804
Total Current Liabilities	\$ 107,111	\$ 36,758
<u>NON-CURRENT LIABILITIES</u>		
Note payable - bank, net of current maturities	\$ 435,162	\$ 459,071
Total Liabilities	\$ 542,273	\$ 495,829
<u>NET ASSETS</u>		
Unrestricted	\$ 2,545,444	\$ 2,564,404
Temporarily restricted	1,885,123	1,908,586
Permanently restricted	27,000	27,000
Total Liabilities and Net Assets	\$ 4,999,840	\$ 4,995,819

The accompanying letter and notes are an integral part of this statement.

CANINE PARTNERS FOR LIFE

STATEMENT OF ACTIVITIES
Year ended June 30, 2016
(With Comparative Totals for 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2016	Total 2015
REVENUE					
Contributions	\$ 1,292,516	\$ 381,525		\$ 1,674,041	\$ 2,547,274
Special events	132,745			132,745	160,544
Investment income	33,670	20		33,690	23,060
Rent	7,800			7,800	6,725
Other revenue	11,948			11,948	13,896
Net assets released from restrictions	405,008	(405,008)		0	0
Total Support and Revenue	\$ 1,883,687	\$ (23,463)	0	\$ 1,860,224	\$ 2,751,499
EXPENSES					
Program services					
Training	\$ 1,427,490			\$ 1,427,490	\$ 1,291,498
Support services					
Administration	177,074			177,074	131,014
Fundraising	209,023			209,023	212,928
Capital campaign	89,060			89,060	119,130
Total Expenses	\$ 1,902,647	0	0	\$ 1,902,647	\$ 1,754,570
Change in Net Assets	\$ (18,960)	\$ (23,463)	0	\$ (42,423)	\$ 996,929
Net Assets, Beginning	2,564,404	1,908,586	\$ 27,000	4,499,990	3,503,061
Net Assets, Ending	\$ 2,545,444	\$ 1,885,123	\$ 27,000	\$ 4,457,567	\$ 4,499,990

The accompanying letter and notes are an integral part of this statement.

CANINE PARTNERS FOR LIFE

STATEMENT OF CASH FLOWS Year ended June 30, 2016 (With Comparative Totals for 2015)

	2016	2015
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ (42,423)	\$ 996,929
Adjustments to reconcile to cash from operations		
Depreciation	62,751	63,243
Gain on disposition of securities	(471)	32,809
Contributions restricted for capital project	(701,219)	(425,032)
In-kind receipt of investments	0	(5,000)
(Increase) decrease in:		
Grants receivable	483,321	(681,198)
Accounts receivable	(7)	175
Prepaid expenses	819	1,015
Increase (decrease) in:		
Accounts payable and accrued expenses	(562)	(26,223)
Payroll taxes payable	(442)	(1,702)
	\$ (198,233)	\$ (44,984)
<u>CASH FLOWS FROM INVESTING INVESTMENTS</u>		
Proceeds from sale of investments	\$ 120,066	\$ 177,337
Purchase of investments, net of fees	(188,432)	(189,312)
Purchase of property and equipment	0	(8,995)
Preconstruction costs	(157,043)	(207,299)
	\$ (225,409)	\$ (228,269)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Borrowing on line of credit	\$ 70,250	0
Repayment of long term debt	(22,802)	\$ (21,377)
Contributions restricted for capital project	701,219	425,032
	\$ 748,667	\$ 403,655
Net cash provided by financing activities	\$ 748,667	\$ 403,655
Net Increase in Cash for Year	\$ 325,025	\$ 130,402
Cash balance, beginning	705,242	574,840
Cash balance, ending	\$ 1,030,267	\$ 705,242
<u>SUPPLEMENTAL DISCLOSURES:</u>		
Cash paid for interest	\$ 22,399	\$ 24,696
Non-cash transactions:		
Donated property and equipment received	0	\$ 5,000

The accompanying letter and notes are an integral part of this statement.

CANINE PARTNERS FOR LIFE

STATEMENT OF FUNCTIONAL EXPENSES Year ended June 30, 2016 (With Comparitive Totals for 2015)

	PROGRAM SERVICES		SUPPORTING SERVICES				TOTAL 2016	TOTAL 2015
	TRAINING	MANAGEMENT AND GENERAL	FUND RAISING	CAPITAL CAMPAIGN (See Note 1)	TOTAL			
PERSONNEL								
Salaries	\$ 583,930	\$ 98,521	\$ 107,943	\$ 53,608	\$ 260,072	\$ 844,002	\$ 804,996	
Payroll tax expense	54,523	9,199	10,079	5,005	24,283	78,806	70,512	
Employee benefits	63,039	10,636	11,653	5,787	28,076	91,115	87,298	
	<u>\$ 701,492</u>	<u>\$ 118,356</u>	<u>\$ 129,675</u>	<u>\$ 64,400</u>	<u>\$ 312,431</u>	<u>\$ 1,013,923</u>	<u>\$ 962,806</u>	
Audit and accounting	2,832	\$ 30,389	524	260	\$ 31,173	\$ 34,005	\$ 25,673	
Bank fees	2,717	303	9	0	312	3,029	3,013	
Breeding	24,916	0	0	0	0	24,916	10,000	
Computer and communications	23,305	4,989	4,989	3,946	13,924	37,229	24,680	
Continuing education	10,890	641	1,281	0	1,922	12,812	10,131	
Development / public relations	10,369	0	1,828	3,561	5,389	15,758	25,256	
Dog expenses, feeding and bedding	21,412	0	0	0	0	21,412	26,322	
Insurance	27,585	1,623	3,245	0	4,868	32,453	26,825	
Interest expense	22,399	0	0	0	0	22,399	24,696	
Investment management	0	8,962	0	0	8,962	8,962	9,316	
Legal fees	66,778	500	0	0	500	67,278	39,709	
Logo items	6,148	0	324	0	324	6,472	7,784	
Miscellaneous	21,190	2,649	2,649	0	5,298	26,488	17,615	
Postage	12,785	852	3,409	0	4,261	17,046	27,350	
Printing	26,095	0	6,524	0	6,524	32,619	32,999	
Professional memberships	3,555	0	0	0	0	3,555	7,781	
Professional fees	6,400	1,650	1,650	16,893	20,193	26,593	33,297	
Repair and maintenance	74,993	728	1,457	0	2,185	77,178	34,097	
Security	1,108	0	0	0	0	1,108	1,184	
Special events	27,513	0	37,560	0	37,560	65,073	75,585	
Supplies	32,575	666	1,333	0	1,999	34,574	43,659	
Taxes - property	478	28	56	0	84	562	551	
Travel	57,673	0	3,035	0	3,035	60,708	31,197	
Utilities and trash removal	27,201	1,600	3,200	0	4,800	32,001	45,810	
Veterinarian	158,132	0	0	0	0	158,132	139,742	
Volunteers	3,611	0	0	0	0	3,611	4,249	
Depreciation	53,338	3,138	6,275	0	9,413	62,751	63,243	
	<u>\$ 1,427,490</u>	<u>\$ 177,074</u>	<u>\$ 209,023</u>	<u>\$ 89,060</u>	<u>\$ 475,157</u>	<u>\$ 1,902,647</u>	<u>\$ 1,754,570</u>	

The accompanying letter and notes are an integral part of this statement.

CANINE PARTNERS FOR LIFE

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE 1 - THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

The mission of the Canine Partners for Life is to enhance the independence and quality of life of individuals with physical, developmental, and cognitive disabilities or who are in other situations of need. The mission is achieved by providing and sustaining professionally trained service and companion dogs.

Date of Management's Review

Subsequent events were evaluated through November 7, 2016, which is the date the financial statements were available to be issued.

Basis of Accounting

The organization's accounting policies conform to generally accepted accounting principles, using the accrual basis of accounting.

Basis of Presentation

The financial statements are presented in accordance with FASB ASC 958 (formerly SFAS No. 117, Financial Statements of Not-for-Profit Organizations), which requires the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash

Cash and other highly liquid investments with maturities of three months or less are considered to be cash equivalents.

The organization maintains its bank accounts in financial institutions with insurance provided by the Federal Deposit Insurance Corporation up to \$250,000. Uninsured balances were approximately \$477,000 and \$-0- as of June 30, 2016 and 2015.

Cash includes balances restricted to use within the guidelines of grants from the organization's funding sources. These balances totaled approximately \$761,000 as of June 30, 2016.

CANINE PARTNERS FOR LIFE

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE 1 - THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Investments

Investments are reported at their fair market value in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

An account with a financial services firm is insured by the Security Investors Protection Corporation (SIPC) up to \$500,000. The balance exceeds that limit.

A portion of the investments is restricted as detailed above.

Allowance For Uncollectible Amounts

Each account receivable and grant receivable is evaluated separately by management to determine collectability. An allowance for uncollectible amounts, if any, is based on this determination. There was no allowance at June 30, 2016 or 2015, as all amounts were considered collectible.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization. Furniture and fixtures are depreciated over five years using the straight-line method. Leasehold improvements are amortized over ten years using the straight-line method.

Recognition of Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Amounts released from restriction totaled \$405,008 and \$463,361 for the years ended June 30, 2016 and 2015, respectively.

When the organization receives contributions to be used for long-lived capital assets, the release of such restriction is recognized over the life of the asset.

Unconditional promises to give are recognized as revenues or gains to the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Functional Allocation of Expenses

The costs of providing the various programs and other supporting activities have been summarized on a functional basis in the statement of activities and in the schedule of functional expenses. Accordingly, such costs have been directly allocated among the programs and supporting services as shown on the schedule of functional expenses. Indirect expenses have been allocated based primarily on staff time dedicated to each program.

CANINE PARTNERS FOR LIFE

NOTES TO FINANCIAL STATEMENTS June 30, 2016 and 2015

NOTE 1 - THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Campaign Expenses

The fundraising expenses in the schedule of functional expenses includes \$89,060 of expenses related to the Capital Campaign, which is designed to raise the funds necessary to construct a new training facility and upgrade current office space. The campaign is expected to continue for a limited time. The fundraising expenses reflected in the schedule equal approximately \$298,000 or 16% of total expenses. Absent the \$89,060 of capital campaign costs, the expenses reflected in the schedule would equal approximately \$209,000 or 11% of total expenses.

Income Taxes

Canine Partners for Life is a nonprofit corporation exempt from taxation under Section 501(c)(3) of the Internal Revenue Code.

Canine Partners for Life regularly reviews and evaluates its tax positions taken in previously filed information returns and as reflected in its financial statements, with regard to issues affecting its tax exempt status, unrelated business income, and related matters. The organization believes that in the event of an examination by taxing authorities, the organization's positions would prevail based upon the technical merits of such positions. Therefore, the organization has concluded that no tax benefits or liabilities are required to be recognized.

Reclassification

Certain prior year's amounts have been reclassified to conform with the June 30, 2016 presentation.

CANINE PARTNERS FOR LIFE

NOTES TO FINANCIAL STATEMENTS June 30, 2016 and 2015

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization's investments are reported at fair value in the accompanying statement of financial position:

	<u>Cost</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using:</u>	
			<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>
<u>June 30, 2016</u>				
Fidelity Investments				
Marian S. Ware Fund				
Equity securities	\$309,191	\$ 453,703	\$ 453,703	\$ 0
Corporate and government agency bonds	291,932	298,490	298,490	0
Cash and money market funds	<u>24,781</u>	<u>24,781</u>	<u>24,781</u>	<u>0</u>
	<u>\$625,904</u>	<u>\$ 776,974</u>	<u>\$ 776,974</u>	<u>0</u>
Board Designated Contingency Fund				
Equity securities	\$180,844	\$ 200,681	\$ 200,681	\$ 0
Cash and money market funds	<u>159,620</u>	<u>159,620</u>	<u>159,620</u>	<u>0</u>
	<u>\$340,464</u>	<u>\$ 360,301</u>	<u>\$ 360,301</u>	<u>0</u>
Total Fidelity Investments	<u>\$966,368</u>	<u>\$1,137,275</u>	<u>\$1,137,275</u>	<u>\$ 0</u>
Beneficial Interests in Funds Held by Community Foundations				
Chester County Community Foundation Endowment Fund	12,500	19,204	0	19,204
Delaware Community Foundation Endowment Fund	<u>14,500</u>	<u>20,968</u>	<u>0</u>	<u>20,968</u>
Total at Community Foundations	<u>\$ 27,000</u>	<u>\$ 40,172</u>	<u>\$ 0</u>	<u>\$40,172</u>
Total	<u>\$993,368</u>	<u>\$1,177,447</u>	<u>\$1,137,275</u>	<u>\$40,172</u>

CANINE PARTNERS FOR LIFE

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

The Organization's investments are reported at fair value in the accompanying statement of financial position:

	<u>Fair Value Measurements Using:</u>			
	<u>Cost</u>	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets <u>(Level 1)</u>	Other Observable Inputs <u>(Level 2)</u>
<u>June 30, 2015</u>				
Fidelity Investments				
Marian S. Ware Fund				
Equity securities	\$319,912	\$ 463,790	\$ 463,790	\$ 0
Corporate and government agency bonds	289,563	295,384	295,384	0
Cash and money market funds	31,114	31,114	31,114	0
	<u>\$640,589</u>	<u>\$ 790,288</u>	<u>\$ 790,288</u>	<u>0</u>
Board Designated Contingency Fund				
Equity securities	\$168,671	\$ 176,514	\$ 176,514	\$ 0
Cash and money market funds	98,888	98,888	98,888	0
	<u>\$267,559</u>	<u>\$ 275,402</u>	<u>\$ 275,402</u>	<u>0</u>
Total Fidelity Investments	<u>\$908,148</u>	<u>\$1,065,690</u>	<u>\$1,065,690</u>	<u>\$ 0</u>
Beneficial Interests in Funds Held by Community Foundations				
Chester County Community Foundation				
Endowment Fund	12,500	20,002	0	20,002
Delaware Community Foundation				
Endowment Fund	14,500	22,918	0	22,918
Total at Community Foundations	<u>\$ 27,000</u>	<u>\$ 42,920</u>	<u>\$ 0</u>	<u>\$42,920</u>
Total	<u>\$935,148</u>	<u>\$1,108,610</u>	<u>\$1,065,690</u>	<u>\$42,920</u>

In 1999, the Organization established an Endowment Fund with Chester County Community Foundation and Delaware Community Foundation. The funds were irrevocably transferred to the community foundations, where they are held in diversified investment portfolios. The Organization is permitted by Pennsylvania law to spend between 2% and 7% of the average balance of the funds over the past 3 years. Distributions from the funds may be spent on the general charitable purpose of the Organization.

The Endowment Funds held at Chester County Foundation and Delaware Community Foundation are recorded as assets in these financial statements. This is in accordance with FASB ASC 958-605 (formerly FAS 136, Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others), as the Organization has the right to receive the distributions from the income from the Endowment Funds. Also, in accordance with FASB ASC 985-605, these amounts contributed by the Organization to the community foundation funds are classified as permanently restricted net assets in the financial statements. Amounts contributed directly by other donors to the Endowment Fund, if any, are not reflected in the financial statements.

CANINE PARTNERS FOR LIFE

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE 2 - FAIR VALUE MEASUREMENTS – CONTINUED

Gains and losses (realized and unrealized) include changes in net assets for the years ended June 30, 2016 and 2015 are reported in investment income. All realized gains and losses for 2016 and 2015 were a result of transactions where values have been measured using Level 1 inputs. Unrealized gains and losses for 2016 and 2015 included (\$1,921) and (\$1,166) of gains (losses) where values have been measured using Level 2 inputs.

FASB ASC 820-10 (Formerly SFAS No. 157, *Fair Value Measurements*), establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs are those other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and Level 3 inputs are those unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities, and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value, otherwise Level 2 inputs are used where available to the Organization, and Level 3 inputs are only used when Level 1 and 2 inputs are not available

Level 1 Fair Value Measurements

The fair value of mutual funds, equity securities and bonds are based on quoted net asset values of the shares held at year-end.

Level 2 Fair Value Measurements

The fair value of Beneficial Interests in Funds Held by Community Foundations are valued at the fair value of the assets held at the foundation at year end.

NOTE 3 – GRANTS AND CONTRIBUTIONS RECEIVABLE

Represents unconditional promises to give as explained in Note 1, consisting of the following:

	<u>2016</u>	<u>2015</u>
Capital Campaign	\$1,142,584	\$1,608,203
Operating grants and contributions	<u>0</u>	<u>30,000</u>
Gross unconditional promises to give	\$1,142,584	\$1,638,203
Less: Unamortized discounts	<u>(18,083)</u>	<u>(30,381)</u>
Net unconditional promises to give	<u>\$1,124,501</u>	<u>\$1,607,822</u>
Amounts due in:		
Less than one year	\$ 297,243	\$ 627,362
One to five years	<u>827,258</u>	<u>980,460</u>
	<u>\$1,124,501</u>	<u>\$1,607,822</u>

CANINE PARTNERS FOR LIFE

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at cost, is summarized as follows:

	<u>2016</u>	<u>2015</u>
Land	\$ 181,570	\$ 181,570
Buildings	1,566,047	1,566,047
Equipment	<u>233,865</u>	<u>233,865</u>
	\$1,981,482	\$1,981,482
Less: Accumulated depreciation	<u>904,209</u>	<u>841,458</u>
	<u>\$1,077,273</u>	<u>\$1,140,024</u>

Depreciation expense charged to operations for the years ended June 30, 2016 and 2015 was \$62,751 and \$63,243, respectively.

NOTE 5 - PRECONSTRUCTION COSTS

Represents project costs directly related to planned construction of the Organization's new training facility, and improvements under way to the current facility as follows:

New training facility	\$559,645
Current facility	<u>23,320</u>
	<u>\$582,965</u>

NOTE 6 - LINE OF CREDIT

The organization has a line of credit with National Penn Bank in the amount of \$150,000, secured by various assets of the organization, and available until December 31, 2016.

Outstanding balances bear interest at the Wall Street Journal prime rate and are due on demand. Outstanding balances on the line as of June 30, 2016 and 2015 were \$70,250 and \$0-, respectively.

NOTE 7 - MORTGAGES PAYABLE

Represents the balance due to National Penn Bank, which was borrowed for the construction of the organization's main facilities. Under a loan modification agreement dated January 13, 2011, the monthly payments were \$3,912.16, including interest at 5.25%, with a final payment due January 13, 2016. On December 18, 2014, under a change in terms agreement, the repayment terms were modified. Effective for the payment due January 13, 2015, the monthly payments were adjusted to \$3,766.75, including interest at 4.75% with a final balloon payment of all outstanding principal and interest due December 13, 2019.

The mortgage is collateralized by the organization's buildings.

Annual maturities are as follows:

Year ending June 30,	2017	23,911
	2018	25,072
	2019	26,289
	2020	<u>383,801</u>
		<u>\$459,073</u>

and none thereafter

CANINE PARTNERS FOR LIFE

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE 8 - NET ASSETS

Unrestricted Net Assets

Unrestricted net assets represent funds retained by Canine Partners for Life that were received without any donor-imposed restrictions. In addition, donor-restricted contributions whose restrictions have been met in the same reporting period are reported as unrestricted support.

Temporarily Restricted Net Assets

Temporarily restricted net assets represent resources restricted by the donor as to time or use with the expectation that such restrictions will be satisfied in the future. Temporarily restricted net assets at June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Capital campaign	\$1,835,949	\$1,794,571
Prison Puppy Program	25,001	27,907
Orthopedically impaired youth	1,870	25,000
Team training	0	14,000
Standard poodles	3,000	5,000
Various other programs	8,175	1,000
Emergency veterinary expense fund	11,128	11,108
Time restricted operating grants	0	30,000
	<u>\$1,885,123</u>	<u>\$1,908,586</u>

Permanently Restricted Funds

The organization has received \$27,000 of permanently restricted endowment funds (See NOTE 1), the income from which is unrestricted, and may be spent within the charitable purpose of the organization.

NOTE 9 - RETIREMENT PLAN

During the fiscal year ended June 30, 2009, the organization started a SIMPLE (Savings Incentive Match Plan for Employees) IRA. Employees who earn at least \$5,000 in two previous years and expect to earn that much this year are eligible to participate. Employees who participate in the Plan are eligible for a CPL match up to 3% of gross salary, after one year of employment. The organization made matching contributions of approximately \$12,700 and \$14,100 to the SIMPLE IRA Plan during the years ended June 30, 2016 and 2015.

NOTE 10 - DONATED SERVICES

The organization has recognized \$139,890 and \$93,640 in donated services for the years ended June 30, 2016 and 2015 as required under FASB ASC 958 (formerly SFAS No. 116) from various persons requiring specialized skills. In addition, the organization receives donated services from over 500 volunteers not meeting the criteria for recognition.

NOTE 11 - COMPENSATED ABSENCES

The organization provides paid vacation for its full-time employees. The amount of unused vacation at June 30, 2016 and 2015 was immaterial and no liability has been recorded.

CANINE PARTNERS FOR LIFE

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE 12 - CONCENTRATION OF REVENUE SOURCES

For the fiscal year ended June 30, 2015, revenue from one source was in excess of 10% of the organization's revenue. Revenue from this source, received for the Organization's capital campaign, totaled \$974,605 or 35% of total revenue.