

**LABS FOR LIBERTY**

FINANCIAL STATEMENTS  
with  
INDEPENDENT AUDITORS' REPORT

Year Ended December 31, 2015

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Labs for Liberty  
Morgan, Utah

We have audited the accompanying financial statements of Labs for Liberty (a non-profit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the years 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 audits. We conducted our audits 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 Labs for Liberty as of December 31, 2015, 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.

*Carver Florek & James, CPAs*

April 25, 2016

**LABS FOR LIBERTY**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2015**

**ASSETS**

Current assets:

Cash	\$ 6,788
Total current assets	<u>6,788</u>

Fixed assets:

Furniture and equipment	3,479
Accumulated depreciation	<u>(319)</u>
Total fixed assets	<u>3,160</u>
Total assets	<u><u>\$ 9,948</u></u>

**LIABILITIES AND NET ASSETS**

Net assets:

Unrestricted net assets	\$ 9,948
Total net assets	<u>9,948</u>
Total liabilities and net assets	<u><u>\$ 9,948</u></u>

See accompanying notes to financial statements

**LABS FOR LIBERTY**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2015**

	<u>Unrestricted</u>
<b>REVENUES AND GAINS</b>	
Direct public support	\$ 53,630
Interest	10
Total revenues and gains	53,640
 <b>EXPENSES AND LOSSES</b>	
Program expenses:	
Depreciation	319
Donations	1,200
Dues and subscriptions	138
Fees	260
Office expenses	670
Promotional	4,252
Service dog expenses	29,172
Shipping	171
Taxes and licenses	505
Veteran pairing	5,084
Veteran retreat	2,120
Total expenses	43,892
Increase in net assets	9,748
Net assets at beginning of year	200
Net assets at end of year	\$ 9,948

See accompanying notes to financial statements

**LABS FOR LIBERTY**  
**STATEMENT OF CASH FLOWS**  
**Year Ended December 31, 2015**

**OPERATING ACTIVITIES**

Increase in net assets	\$ 9,748
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	<u>319</u>
Net cash provided by operating activities	10,067

**INVESTING ACTIVITIES**

Purchase of fixed assets	<u>(3,479)</u>
Net cash used in investing activities	(3,479)

Net change in cash	6,588
Cash at beginning of year	<u>200</u>
Cash at end of year	<u><u>\$ 6,788</u></u>

See accompanying notes to financial statements

**LABS FOR LIBERTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Program**

Labs for Liberty (the Organization) is a non-profit organization whose purpose is to liberate American Warriors by providing service dogs for PTSD and physical needs, and to restore the Warrior's family unit by providing opportunities to relax, reconnect, and rejuvenate. Contributions are generated from private and public sources. The Organization meets the requirements of Internal Revenue Code Section 501(c)(3) as an exempt nonprofit organization.

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, investments are reported at fair value, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

**Basis of Presentation**

In accordance with ASC 958-225, (Formerly SFAS No 117 Financial Statements of Not-for-Profit Organizations), the Organization reports 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. There were no temporarily or permanently restricted net assets as of December 31, 2015.

**Use of Estimates**

The financial statements include estimates and assumptions made by management that affect the carrying amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

**Restricted and Unrestricted Revenue**

Contributions received that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.



**LABS FOR LIBERTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Income Taxes**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose may be subject to taxation as unrelated business income. There was no unrelated business income during the year ended December 31, 2015. Tax year 2014 is subject to audit or change by the IRS. There was not any unrelated business income subject to tax in that years.

**Contributed Services**

The Organization does not maintain a paid staff. All direct and support services are donated by individuals from the community. Donated services include management, accounting, and operations. Donated services is not assigned a value.

**Property and Equipment**

Property and equipment are stated at cost if purchased, or fair value if donated. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets or the applicable lease terms.

**2. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents includes all unrestricted monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. Cash and cash equivalents are comprised of the following at December 31, 2015:

Checking	\$ 5,047
Savings	<u>1,741</u>
	<u><u>\$ 6,788</u></u>

Cash in banks is insured by the FDIC up to \$250,000.

**LABS FOR LIBERTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**5. PROPERTY AND EQUIPMENT**

Property and equipment as of December 31, 2015 are detailed in the following summary:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Office furniture and fixtures	\$ 3,479	\$ 319	\$ 3,160
Total	<u>\$ 3,479</u>	<u>\$ 319</u>	<u>\$ 3,160</u>

**6. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through April 25, 2016, the date the financial statements were available to be issued, and there were no matters that materially affect the carrying amounts of assets, liabilities, and unrestricted net assets as of December 31, 2015.