

PETS FOR PATRIOTS, INC.
(A nonprofit organization)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

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FINANCIAL STATEMENTS

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To the Board of Trustees of
Pets For Patriots, Inc.

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Pets For Patriots, Inc. (the "Organization") (a nonprofit organization) which comprise the statement of financial position as of December 31, 2013 and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Organization's 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.

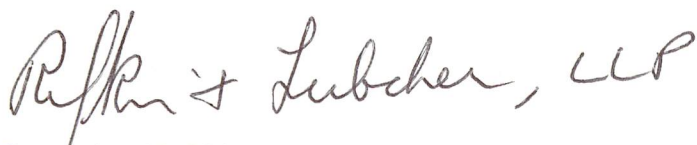
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pets For Patriots, Inc. as of December 31, 2013, and the changes in its net assets, functional expenses 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 the Pets For Patriots, Inc. 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 13, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in dark ink, reading "Rifkin & Lubcher, LLP". The signature is written in a cursive, flowing style.

September 18, 2014
New York, New York

PETS FOR PATRIOTS, INC.
(A nonprofit organization)

STATEMENT OF FINANCIAL POSITION

YEAR ENDED DECEMBER 31, 2013
(With comparative totals as of December 31, 2012)

| | December 31, | |
|---|-------------------|------------------|
| | 2013 | 2012 |
| Assets | | |
| Cash | \$ 463,617 | \$ 52,537 |
| Contributions receivable | 13,250 | 11,650 |
| Other receivables | - | 2,563 |
| Equipment, net | 18,173 | 8,318 |
| Total assets | \$ 495,040 | \$ 75,068 |
| Liabilities | | |
| Credit card payable | \$ 2,372 | \$ 1,867 |
| Accounts payable and other liabilities | 8,674 | 15,171 |
| | 11,046 | 17,038 |
| Net assets - unrestricted | 483,994 | 58,030 |
| Total liabilities and net assets | \$ 495,040 | \$ 75,068 |

PETS FOR PATRIOTS, INC.
(A nonprofit organization)

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

YEAR ENDED DECEMBER 31, 2013
(With comparative totals as of December 31, 2012)

| | <u>2013</u> | <u>2012</u> |
|---|-------------------|------------------|
| Revenues | | |
| Contributions | \$ 575,824 | \$ 95,870 |
| Net income on merchandise sales | 1,200 | - |
| Special event income | 67,727 | 80,800 |
| Less direct costs of special event | <u>(12,386)</u> | <u>(18,027)</u> |
| Total revenues | <u>632,365</u> | <u>158,643</u> |
| Expenses | | |
| Veterans' pet food bank program | 73,932 | 46,253 |
| Officer salary | 60,000 | 42,000 |
| Salaries | 4,333 | - |
| Payroll taxes and benefits | 15,754 | 6,386 |
| Development and fundraising | 10,450 | - |
| Printing and advertising | 8,420 | 9,116 |
| Office supplies and expenses | 2,926 | 721 |
| Travel and hotel | 3,111 | 1,577 |
| Insurance | 378 | - |
| Computer and website | 4,372 | 9,644 |
| Professional fees | 6,015 | 6,500 |
| Depreciation and amortization | 7,782 | 4,827 |
| Miscellaneous expenses | <u>8,928</u> | <u>5,002</u> |
| Total expenses | <u>206,401</u> | <u>132,026</u> |
| Change in net assets | 425,964 | 26,617 |
| Net assets - unrestricted, beginning of year | <u>58,030</u> | <u>31,413</u> |
| Net assets - unrestricted, end of year | <u>\$ 483,994</u> | <u>\$ 58,030</u> |

PETS FOR PATRIOTS, INC.
(A nonprofit organization)

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2013
(With comparative totals as of December 31, 2012)

| | <u>2013</u> | | | | <u>2012</u> |
|---------------------------------|-------------------|-----------------------------------|--------------------|-------------------|-------------------|
| | <u>Program</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> | |
| Expenses | | | | | |
| Veterans' pet food bank program | \$ 73,932 | \$ - | \$ - | \$ 73,932 | \$ 46,253 |
| Officer salary | 48,900 | 6,433 | 4,667 | 60,000 | 42,000 |
| Salaries | 3,900 | 433 | - | 4,333 | - |
| Payroll taxes and benefits | 11,878 | 1,575 | 2,301 | 15,754 | 6,386 |
| Development and fundraising | - | - | 10,450 | 10,450 | - |
| Printing and advertising | 3,176 | - | 5,244 | 8,420 | 9,116 |
| Office supplies and expenses | 2,195 | 293 | 438 | 2,926 | 721 |
| Travel and hotel | - | - | 3,111 | 3,111 | 1,577 |
| Insurance | - | 378 | - | 378 | - |
| Computer and website | 3,412 | 960 | - | 4,372 | 9,644 |
| Professional fees | 3,008 | 3,007 | - | 6,015 | 6,500 |
| Depreciation and amortization | 5,729 | 1,072 | 981 | 7,782 | 4,827 |
| Miscellaneous expenses | <u>7,451</u> | <u>667</u> | <u>810</u> | <u>8,928</u> | <u>5,002</u> |
| Total expenses | <u>\$ 163,580</u> | <u>\$ 14,818</u> | <u>\$ 28,002</u> | <u>\$ 206,401</u> | <u>\$ 132,026</u> |

PETS FOR PATRIOTS, INC.
(A nonprofit organization)

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2013
(With comparative totals as of December 31, 2012)

| | Year Ended December 31, | |
|---|-------------------------|-----------|
| | 2013 | 2012 |
| INCREASE IN CASH | | |
| Cash flows from operating activities | | |
| Change in net assets | \$ 425,964 | \$ 26,617 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation and amortization | 7,782 | 4,827 |
| (Increase) decrease in contributions receivable | (1,600) | 1,350 |
| Decrease (increase) in other receivables | 2,563 | (2,563) |
| Increase (decrease) in credit card payable | 505 | (2,595) |
| (Decrease) increase in accounts payable and other liabilities | (6,497) | 9,536 |
| Total adjustments | 2,753 | 10,555 |
| Net cash provided by operating activities | 428,717 | 37,172 |
| Cash flows (used in) investing activities | | |
| Cash paid for equipment | (17,637) | (899) |
| Net increase in cash | 411,080 | 36,273 |
| Cash, beginning of year | 52,537 | 16,264 |
| Cash, end of year | \$ 463,617 | \$ 52,537 |

PETS FOR PATRIOTS, INC.
(A nonprofit organization)

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Pets For Patriots, Inc. (the "Organization") is a nonprofit organization exempt from income tax under Section 501(c) (3) of the U.S. Internal Revenue Code. The purpose of the Organization is to conduct activities, which are exclusively charitable and educational.

The Organization's mission is to transform the lives of our veterans by helping them save an at-risk shelter dog or cat. This will end animal homelessness in the U.S. and enrich the lives of the men and women who serve, and have served our country. The Organization also provides access to additional cost reductions for veterinary services and pet basics.

Basis of accounting

The financial statements are prepared on the accrual basis of accounting.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions.

Concentrations of credit risk

Financial instruments that potentially subject the Organization to credit risk consist of cash in financial institutions. During the year ended December 31, 2013, approximately 72% of contributions were received from one donor.

Use of estimates

The preparation of financial statements in conformity with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Contributions receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. At December 31, 2013, there is no allowance for uncollectible receivables.

PETS FOR PATRIOTS, INC.
(A nonprofit organization)

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment

Equipment in excess of \$500 is capitalized and stated at cost. Depreciation is computed using the straight line method at rates calculated to amortize the cost over the estimated useful lives of the assets.

Date of management's review

Management has evaluated subsequent events through September 18, 2014, the date on which the financial statements were available to be issued.

Uncertainty in income taxes

The Organization complies with the provision pertaining to uncertain tax positions (ASC 740) and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending December 31, 2010 and subsequent remain subject to examination by applicable taxing authorities.

Prior Year Summarized Information

The financial statements contain certain prior year comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the entity's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

2. DONATED SERVICES AND FACILITIES

Unpaid volunteer officers and committees conduct a portion of the Organization's functions. The value of this contributed time is not reflected in the accompanying financial statements.

3. RELATED PARTY TRANSACTIONS

The Organization has significant interaction with its officers and directors.

4. EQUIPMENT

Equipment consists of the following at December 31, 2013:

| | | <u>Useful Life</u> |
|---|------------------|--------------------|
| Equipment | \$ 33,344 | 3 - 5 years |
| Less: Accumulated depreciation and amortization | <u>(15,171)</u> | |
| | <u>\$ 18,173</u> | |

Depreciation and amortization expense for the years ended December 31, 2013 amounted to \$7,782.