

# MK9S SERVICE DOGS

FINANCIAL STATEMENTS

DECEMBER 31, 2023



*Certified Public Accountants*

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*Certified Public Accountants*

## **Independent Accountant's Review Report**

To the Board of Directors  
**MK9s Service Dogs**

We have reviewed the accompanying financial statements of **MK9s Service Dogs** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **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.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of **MK9s Service Dogs** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Kositzka, Wicks and Company*

Alexandria, Virginia  
August 13, 2024

## MK9s Service Dogs

### Statement of Financial Position

December 31, 2023

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#### Assets

##### Current assets

Cash	\$	16,390
Savings held in brokerage account		541,206
		<hr/>
		557,596

##### Other assets

Service dogs in training		7,950
Total assets	\$	<hr/>
		565,546

##### Net assets

Without donor restrictions and total	\$	<hr/>
		565,546

The accompanying independent accountant's review report and notes are an integral part of the financial statements.

## MK9s Service Dogs

### Statement of Activities December 31, 2023

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	Without donor restrictions and total
<b>Support and revenue</b>	
Contributions	\$ 32,496
Bequest	427,385
Interest income	23,206
In-kind donations	
Services	101,647
Service dog	1,500
Preventative medicine	1,382
Total support and revenue	<u>587,616</u>
<b>Expenses</b>	
Program expenses	112,479
Management and general	2,823
Fundraising	1,086
Total expenses	<u>116,388</u>
<b>Change in net assets</b>	471,228
<b>Net assets, beginning of year</b>	94,318
<b>Net assets, end of year</b>	<u>\$ 565,546</u>

The accompanying independent accountant's review report and notes are an integral part of the financial statements.

## MK9s Service Dogs

### Statement of Functional Expenses December 31, 2023

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	<u>Program expenses</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
<b>Other expenses</b>				
Advertising and promotion	\$ -	\$ -	\$ 1,086	\$ 1,086
Banking fees	-	171	-	171
Information technology	-	780	-	780
Insurance	-	1,493	-	1,493
Non-veterinary dog care and training expenses	3,446	-	-	3,446
Professional fees	6,004	-	-	6,004
Registration fees	-	379	-	379
	<u>9,450</u>	<u>2,823</u>	<u>1,086</u>	<u>13,359</u>
<b>In-kind expenses</b>				
Preventative medicine	1,382	-	-	1,382
Services	101,647	-	-	101,647
	<u>103,029</u>	<u>-</u>	<u>-</u>	<u>103,029</u>
<b>Total expenses by function</b>	<u>\$ 112,479</u>	<u>\$ 2,823</u>	<u>\$ 1,086</u>	<u>\$ 116,388</u>

The accompanying independent accountant's review report and notes are an integral part of the financial statements.

## MK9s Service Dogs

### Statement of Cash Flows

December 31, 2023

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#### Cash flows from operating activities

Change in net assets	\$ 471,228
Adjustments to reconcile change in net assets to net cash provided by operating activities	
(Increase) decrease in operating assets:	
Other assets - donated service dogs in training	(1,500)
Net cash provided by operating activities	<u>469,728</u>

#### Net change in cash and cash equivalents

469,728

#### Cash and cash equivalents, beginning of year

87,868

#### Cash and cash equivalents, end of year

\$ 557,596

#### Supplemental disclosure of cash flow information

Cash paid for interest	\$ -
Income taxes paid	<u>\$ -</u>

The accompanying independent accountant's review report and notes are an integral part of the financial statements.

# MK9s Service Dogs

Notes to Financial Statements  
December 31, 2023

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## 1. Organization and purpose

MK9s Service Dogs (the Organization) is a nonprofit organization incorporated in the Commonwealth of Virginia for the purpose of providing highly trained service dogs tailored to meet specific veteran needs at no cost to the qualified and deserving veteran. The Organization's costs are kept to a minimum by a dedicated all volunteer force who raise and train the puppies for free. Therefore, costs are limited to purchasing the puppies, feeding, and veterinary care during the training period.

MK9s Service Dogs maximizes the veteran's experience by capitalizing on the 18 months the puppies are in training to build a strong veteran – service dog team. By identifying the veteran first and pairing them with the right dog, the veteran participates in the puppy's training experience, providing them immediate hope of a better future and plenty of critical bonding time. Puppies are found to match the specific temperament and likely physical capabilities needed to provide the support the veteran needs. With the veteran identified, training for the puppy can be tailored to emphasize skills their veteran will need. The Organization purposefully adopted this approach to overcome the challenges of programs which train service dogs and then try to find the right veteran, thereby forgoing veteran – service dog training and 18 months of critical emotional support for the veterans.

The Organization also takes part in outreach opportunities to increase community and veteran awareness of service dog benefits. Additionally, they work with airport staff in both Virginia and Rhode Island to prepare security, airport, and airline personnel for interactions with service dogs. This also prepares the service dogs for air travel.

The Organization is funded primarily by contributions, including donated services and materials.

## 2. Summary of significant accounting policies

### Basis of accounting

The accompanying financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Net assets, revenues, gains, and losses are classified based on the existence or absence of restrictions imposed by donors or grantors. Accordingly, net assets and changes therein are classified and reported in two categories as described below.

Net assets without donor restrictions are net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions are net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

### Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain 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.

See independent accountant's report.



## **MK9s Service Dogs**

### **Notes to Financial Statements December 31, 2023**

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#### **Cash and cash equivalents**

For purposes of the statements of cash flows, the Organization considers all cash and unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization maintains its cash in bank accounts which, at times, may exceed federally insured limits. FDIC insurance is \$250,000 per depositor, per insured bank. At December 31, 2023, cash balances did not exceed the federally insured limit. SIPC Protection for brokerage accounts protects cash funds up to \$250,000. At December 31, 2023, savings held in the brokerage account exceeded the insured limit by \$291,206. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

#### **Other assets**

The Organization owns three to five dogs at a time for the purposes of training them to be service animals. The dogs are typically donated to the Organization and recorded as a donation and other asset.

#### **Other financial assets and liabilities**

Financial assets with carrying values approximating fair value include cash and cash equivalents. The carrying value of these financial assets approximates fair value due to their short maturities.

#### **Support and revenue recognition**

Contributions of cash and unconditional promises to give are recognized when received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. In 2023, the Organization received a bequest. The bequest was unexpected, unsolicited, and made without knowledge of anyone associated with the Organization. The bequest was distributed in cash, and no material restrictions or conditions were imposed upon the Organization in connection with the bequest.

#### **Donated services and materials**

The Organization receives donated materials and services from individuals and organizations. Services are technical in nature and provided by persons with the required knowledge or certifications. Donated services that directly benefit the Organization are recognized at the estimated fair market value when the services are rendered. Donated services that require specialized skills, as defined by U.S. GAAP, are recognized in the financial statements. The organization received 1,450 volunteer hours from Canine Mentors and Trainers dedicated to team-training, as well as raising and training the puppies.

Donated materials are recorded at their fair value if they would have been purchased if not provided by donation. When puppies or dogs are given to the organization, the value is determined by market value of the breed of dog.

#### **Functional classification of expenses**

The costs of providing program and supporting services are summarized on a functional basis in the accompanying financial statements. The Organization directly assigns their expenses according to their function. The statement of functional expenses presents the natural classification detail of expenses by function.

## MK9s Service Dogs

### Notes to Financial Statements December 31, 2023

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#### Income taxes

The Organization is exempt from federal income tax as a nonprofit organization described in Section 501(c)(3) of the Internal Revenue Code and is classified as an organization other than a private foundation. The Organization did not have a liability for unrelated business income for the year ended December 31, 2023.

The material jurisdictions subject to potential examination by taxing authorities are the United States and Virginia. The Board does not believe that the ultimate outcome of any future examinations of open tax years will have a material impact on the Organization's results of operations. Tax years that remain subject to examination by the IRS are calendar years 2020 through 2023.

### 3. Liquidity and availability

The Organization's financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the statement of financial position date comprise the following at December 31, 2023:

Cash	\$	16,390
Savings held in brokerage		541,206
	\$	<u>557,596</u>

As part of its liquidity management plan, the Organization strives to maintain five months' worth of expenses as a reserve. The Organization invests cash in excess of daily requirements in a money market savings account.

### 4. Other assets – service dogs in training

The Organization had the following Service Dogs in Training (SDiTs) as of December 31, 2023:

SDiTs		
Orion	\$	1,500
Dez		1,450
Mosby		3,500
Lilly		1,500
	\$	<u>7,950</u>

See independent accountant's report.

## MK9s Service Dogs

### Notes to Financial Statements December 31, 2023

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#### 5. Donated materials and services

The Organization received the following donated materials and services during the year ended December 31, 2023:

Donated materials:

Preventative medicine	\$	1,382
Service dog		1,500
	\$	<u>2,882</u>

Donated services:

Non-training services	\$	10,095
Trainers		85,152
Mentors		6,400
	\$	<u>101,647</u>

In-kind product donations included monthly preventative medicine for SDiTs Orion, Dez, Mosby, and Lily. The service dog was received from Project 2 Heal, an organization that breeds and trains labrador retriever puppies for donation to service dog organizations. Contributed preventative medicine and dogs are recorded at their fair value if they would have been purchased if not provided by donation.

The Organization's largest category of in-kind donations derive from service donations, which include training, mentoring, and other non-training services. Non-training services provided to SDiTs include veterinary services like vaccines, sick visits, and x-rays, as well as travel accommodations. The Organization also received 1,450 volunteer hours from trainers and mentors, values ranging between \$50 and \$125 an hour. Contributed services are recorded at their estimated fair value if they require specialized skills that would need to be purchased if not donated. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

#### 6. Subsequent events

The Organization assessed events occurring subsequent to December 31, 2023 through August 13, 2024, the date the financial statements were available to be issued, for potential recognition and disclosure in the financial statements. No other events have occurred that would require adjustment to or disclosure in the financial statements.

See independent accountant's report.