

SIERRA DELTA, INC.

FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

SIERRA DELTA, INC.
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For the Years Ended December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sierra Delta, Inc.

We have audited the accompanying financial statements of Sierra Delta Inc. (nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years ended December 31, 2020 and 2019, 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 misstatements, 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 of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of 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 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 Sierra Delta, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Sanders, Walsh & Eaton, CPAs, LLC

Osterville, Massachusetts
November 1, 2021

SIERRA DELTA, INC.
Statements of Financial Position
For the Years Ended December 31, 2020 and 2019

ASSETS

| | 2020 | 2019 |
|---------------------------|----------------|----------------|
| Current Assets: | | |
| Cash and cash equivalents | \$ 198,645 | \$ 357,779 |
| Accounts receivable | 97,500 | - |
| Prepaid expenses | 8,500 | - |
| Total Current Assets | 304,645 | 357,779 |
| Total Assets | \$ 304,645 | \$ 357,779 |

LIABILITIES AND NET ASSETS

| | | |
|--------------------------------------|----------------|----------------|
| Current Liabilities: | | |
| Accounts payable | \$ 21,578 | \$ 8,673 |
| Accrued expenses | 7,200 | 6,500 |
| Total Current Liabilities | 28,778 | 15,173 |
| Total Liabilities | 28,778 | 15,173 |
| Net Assets: | | |
| Without donor restrictions | 275,865 | 342,606 |
| Total Net Assets | 275,865 | 342,606 |
| Total Liabilities and Net Assets | \$ 304,645 | \$ 357,779 |

The accompanying notes are an integral part of these financial statements.

SIERRA DELTA, INC.
Statements of Activities
For the Years Ended December 31, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| Net Assets Without Donor Restrictions | | |
| Revenues, Gains, and Other Support: | | |
| Contributions - individuals | \$ 1,027,037 | \$ 801,356 |
| Other income | 26,800 | - |
| | <u>1,053,837</u> | <u>801,356</u> |
| Total Revenues, Gains, and Other Support | | |
| Operating Expenses: | | |
| Program services | 869,170 | 568,969 |
| Management and general | 104,011 | 17,674 |
| Fundraising | 147,397 | 316,838 |
| Total Expenses | <u>1,120,578</u> | <u>903,482</u> |
| Net Change in Net Assets | (66,741) | (102,126) |
| Net Assets, Beginning of Year | <u>342,606</u> | <u>444,732</u> |
| Net Assets, End of Year | <u>\$ 275,865</u> | <u>\$ 342,606</u> |

The accompanying notes are an integral part of these financial statements.

SIERRA DELTA, INC.
Statements of Functional Expenses
For the Years Ended December 31, 2020 and 2019

| | 2020 | | | |
|--------------------------|-------------------|---------------------------|-------------------|---------------------|
| | Program | Management and General | Fundraising | Total |
| Expenses: | | | | |
| Program expenses | \$ 497,728 | \$ 2,083 | \$ - | \$ 499,811 |
| Advertising | - | - | 95,045 | 95,045 |
| Bank fees | - | 2,598 | - | 2,598 |
| Contracted services | - | 29,846.16 | - | 29,846 |
| Payroll expense | 284,424 | 40,100 | 39,229 | 363,753 |
| Events | - | - | - | - |
| Miscellaneous | 4,888 | - | - | 4,888 |
| Office expense | - | 25,353 | - | 25,353 |
| Subscriptions | 13,402 | - | - | 13,402 |
| Supplies | 21,990 | - | - | 21,990 |
| Rent | - | - | 13,040 | 13,040 |
| Printing | - | - | 83 | 83 |
| Professional | - | 4,030 | - | 4,030 |
| Travel and entertainment | 46,737 | - | - | 46,737 |
| | <u>\$ 869,170</u> | <u>\$ 104,011</u> | <u>\$ 147,397</u> | <u>\$ 1,120,578</u> |
| Totals | <u>\$ 869,170</u> | <u>\$ 104,011</u> | <u>\$ 147,397</u> | <u>\$ 1,120,578</u> |

| | 2019 | | | |
|--------------------------|-------------------|---------------------------|-------------------|-------------------|
| | Program | Management and General | Fundraising | Total |
| Expenses: | | | | |
| Program expenses | \$ 239,419 | \$ - | \$ - | \$ 239,419 |
| Advertising | - | - | 72,632 | 72,632 |
| Bank fees | - | 2,241 | - | 2,241 |
| Contracted services | 14,539 | - | 7,056 | 21,595 |
| Payroll expense | 257,632 | - | - | 257,632 |
| Events | - | - | 219,743 | 219,743 |
| Miscellaneous | 16,472 | - | - | 16,472 |
| Office expense | - | 7,735 | - | 7,735 |
| Subscriptions | 15,976 | - | - | 15,976 |
| Supplies | 2,005 | - | 16,295 | 18,300 |
| Printing | - | - | 1,113 | 1,113 |
| Professional | - | 7,698 | - | 7,698 |
| Travel and entertainment | 22,926 | - | - | 22,926 |
| | <u>\$ 568,969</u> | <u>\$ 17,674</u> | <u>\$ 316,838</u> | <u>\$ 903,482</u> |
| Totals | <u>\$ 568,969</u> | <u>\$ 17,674</u> | <u>\$ 316,838</u> | <u>\$ 903,482</u> |

The accompanying notes are an integral part of these financial statements.

SIERRA DELTA, INC.
Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

| | 2020 | 2019 |
|---|-------------|--------------|
| Cash Flows from Operating Activities: | | |
| Change in net assets | \$ (66,741) | \$ (102,126) |
| Adjustments to reconcile net assets to net cash provided (used) by operating activities | | |
| (Increase)/decrease in: | | |
| Accounts receivable | (97,500) | - |
| Prepaid expenses | (8,500) | - |
| Increase/(decrease) in: | | |
| Accounts payable | 12,907 | (7,525) |
| Accrued expenses | 700 | 200 |
| Net Cash Used by Operating Activities | (159,134) | (109,451) |
| Cash Flows from Investing Activities: | | |
| Purchases of fixed assets | - | - |
| Net Cash (Used) by Investing Activities | - | - |
| Net Change in Cash and Cash Equivalents | (159,134) | (109,451) |
| Cash and Cash Equivalents at Beginning of Year | 357,779 | 467,231 |
| Cash and Cash Equivalents at End of Year | \$ 198,645 | \$ 357,779 |

The accompanying notes are an integral part of these financial statements.

SIERRA DELTA, INC.
Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Operations

Sierra Delta, Inc. (the Organization) formed in 2017 in Nantucket, Massachusetts is a non-profit organization established to assist war veterans in getting paired with service dogs, trained to help individuals with mental or physical disabilities.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables and other liabilities. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Tax Exempt Status

The Organization is exempt from federal income taxes under the provisions of Section 501 (c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been made in these financial statements. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions. The governing Board has designated, from net assets without donor restrictions, net assets for capital improvements and acquisitions.

Net Assets With Donor Restrictions - Net assets subject to donor or grantor 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. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire, that is, when a stipulated time elapses or a stipulated purpose restriction is accomplished, in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the 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.

SIERRA DELTA, INC.
Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Family Pantry of Cape Cod Corporation has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods.

Allocation of Functional Expenses

The costs of program and supporting services have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. The financial statements may report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses were charged directly to program, management & general and fundraising categories based on specific identification and on the basis of management's estimates of time and effort.

Compensated Absences

Compensated absences have not been accrued because the amount cannot be reasonably estimated.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three (3) months or less, when purchased, to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

Advertising

The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising expense for the years ended December 31, 2020 and 2019 were \$95,045 and \$72,632, respectively.

NOTE C - CONCENTRATIONS OF CREDIT RISK:

The Organization maintains its cash balances in two financial institutions. The balances are insured by the Federal Deposit Insurance (FDIC) up to \$250,000. In addition, certain accounts are insured by the Depositors Insurance Funds (DIF). The DIF is a private industry-sponsored insurance fund that insures all deposits above the FDIC limits. At times balances not covered by DIF may exceed The Organization's bank balances over \$250,000 are insured by Depositors Insurance Fund (DIF). Management believes that no significant concentration of risk exists with respect to these cash balances as of December 31, 2020 and 2019.

NOTE D - LEASE AGREEMENT:

The Organization has entered into a space lease agreement on June 1, 2020, for the period of two (2) years, with monthly payments of \$1,413.

SIERRA DELTA, INC.
Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE E - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

| | 2020 | 2019 |
|--|------------|------------|
| Financial Assets, at year-end | | |
| Cash and cash equivalents | \$ 198,645 | \$ 357,779 |
| Total Financial Assets | 198,645 | 357,779 |
| Less amounts no available to be used within one year | | |
| Net assets with donor restrictions | - | - |
| Financial Assets available to meet cash needs for general expenditures over the next twelve months | \$ 198,645 | \$ 357,779 |

The Organization operates with balanced budget for each fiscal year and anticipates collecting sufficient revenue to cover short term general expenditures. A substantial portion of annual revenue is comprised of contributions and program revenue during the current year. The Organization considers general expenditures to consist of all expenses related to its ongoing program activities, and the expenses related to management and general and fundraising activities undertaken to support those services.

The Organization regularly monitors liquidity to meet its operating needs and other commitments and obligations. As part of its liquidity plan, excess cash is invested in savings account. Management prepares regularly cash flow projections to determine liquidity needs. Refer to the statement of cash flows which identifies the sources and uses of the Organization's cash.

NOTE F - SUBSEQUENT EVENTS:

The Organization has evaluated subsequent events through November 1, 2021 the date the financial statements were available to be issued, and has not evaluated subsequent events after that date. There are no subsequent events to report as of November 1, 2021.