

SIERRA DELTA, INC.

FINANCIAL STATEMENTS

For the Years Ended December 31, 2018 and 2017

SIERRA DELTA, INC.
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For the Years Ended December 31, 2018 and 2017

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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, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years ended December 31, 2018 and 2017, 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, 2018 and 2017, 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
October 16, 2019

SIERRA DELTA, INC.
Statements of Financial Position
December 31, 2018 and 2017

ASSETS

	2018	2017
Current Assets:		
Cash and cash equivalents	\$ 467,231	\$ 817,274
Total Current Assets	467,231	817,274
Total Assets	\$ 467,231	\$ 817,274

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	\$ 16,199	\$ 466,605
Accrued expenses	6,300	5,500
Total Current Liabilities	22,499	472,105
Total Liabilities	22,499	472,105
Net Assets:		
Without donor restrictions	444,732	345,169
Total Net Assets	444,732	345,169
Total Liabilities and Net Assets	\$ 467,231	\$ 817,274

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

SIERRA DELTA, INC.
Statements of Activities
For the Years Ended December 31, 2018 and 2017

	2018	2017
Net Assets Without Donor Restrictions		
Revenues, Gains, and Other Support:		
Contributions - individuals	\$ 211,942	\$ 227,896
Contributions - sponsorships	387,500	1,749,288
Total Revenues, Gains, and Other Support	599,442	1,977,184
Operating Expenses:		
Program services	460,525	1,536,604
General and administrative	16,987	65,398
Fundraising expense	22,367	30,013
Total Expenses	499,879	1,632,015
Net Change in Net Assets	99,563	345,169
Net Assets, Beginning of Year	345,169	-
Net Assets, End of Year	\$ 444,732	\$ 345,169

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

SIERRA DELTA, INC.
Statements of Functional Expenses
For the Years Ended December 31, 2018 and 2017

	2018			
	Program	General and Administrative	Fund-Raising	Total
Expenses:				
Awards and grants	\$ 2,389	\$ -	\$ -	\$ 2,389
Advertising	-	-	8,152	8,152
Bank fees	-	212	-	212
Payroll expense	411,794	-	-	411,794
Events	-	-	12,685	12,685
Miscellaneous	9,693	-	-	9,693
Office expense	-	3,002	-	3,002
Supplies	4,285	-	-	4,285
Printing	-	-	1,530	1,530
Professional	-	13,773	-	13,773
Travel and entertainment	32,365	-	-	32,365
	<u>\$ 460,525</u>	<u>\$ 16,987</u>	<u>\$ 22,367</u>	<u>\$ 499,879</u>
Totals				

	2017			
	Program	General and Administrative	Fund-Raising	Total
Expenses:				
Awards and grants	\$ 1,525,000	\$ -	\$ -	\$ 1,525,000
Advertising	-	-	3,760	3,760
Bank fees	-	2,430	-	2,430
Contract labor	-	53,422	9,000	62,422
Events	-	-	13,244	13,244
Miscellaneous	3,130	246	-	3,376
Printing	-	-	4,009	4,009
Professional	-	9,300	-	9,300
Travel and entertainment	7,461	-	-	7,461
Volunteer support	1,013	-	-	1,013
	<u>\$ 1,536,604</u>	<u>\$ 65,398</u>	<u>\$ 30,013</u>	<u>\$ 1,632,015</u>
Totals				

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

SIERRA DELTA, INC.
Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities:		
Change in net assets	\$ 99,563	\$ 345,169
Adjustments to reconcile net assets to net cash provided (used) by operating activities		
Increase (decrease) in:		
Accounts payable	(450,406)	466,605
Accrued expenses	800	5,500
Net Cash Provided/(Used) by Operating Activities	(350,043)	817,274
Cash Flows from Investing Activities:		
Purchases of fixed assets	-	-
Net Cash (Used) by Investing Activities	-	-
Net Increase/(Decrease) in Cash	(350,043)	817,274
Cash at Beginning of Year	817,274	-
Cash at End of Year	\$ 467,231	\$ 817,274

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

SIERRA DELTA, INC.
Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

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.

Name Change

With effect from January 22, 2018, the name of the Organization was changed from Service Dogs for Heroes, Inc. to Sierra Delta, Inc.

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, 2018 and 2017

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.

Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation.

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, 2018 and 2017 were \$8,152 and \$3,760, 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. The Organization's bank balances over \$250,000 are insured by Depositors Insurance Fund (DIF). The Organization's uninsured cash balances totaled \$0 and \$0 for the years ended December 31, 2018 and 2017.

SIERRA DELTA, INC.
Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

NOTE B - 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:

	2018	2017
Financial Assets, at year-end		
Cash and cash equivalent	\$ 467,231	\$ 817,274
Total Financial Assets	467,231	817,274
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	\$ 467,231	\$ 817,274

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 D - SUBSEQUENT EVENTS:

The Organization has evaluated subsequent events through October 16, 2019, 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 October 16, 2019.