

F. E. T. C. H., Inc.

Financial Statements
Year Ended June 30, 2017

F. E. T. C. H., Inc.

Furthering Education and Treatment for Companion Health

Mission: Non-profit organization determined to improve the quality of life by connecting people and pets through accessible, compassionate treatment and education.

F. E. T. C. H., Inc.

June 30, 2017

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
F. E. T. C. H., Inc.
Richmond, Virginia

We have reviewed the accompanying financial statements of F. E. T. C. H., Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets-modified cash basis as of June 30, 2017, and the related statements of revenues, expenses, and other changes in net assets-modified cash basis, and functional expenses-modified cash basis 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 company 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 the 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.

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.

F. E. T. C. H., Inc.
November 8, 2017
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Basis of Accounting

We draw attention to Note 2 of the financial statements which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Marey, Jones & Pfeiffer, PC

Richmond, Virginia
November 8, 2017

F. E. T. C. H., Inc.

Statement of Assets, Liabilities and Net Assets - Modified Cash Basis June 30, 2017

Assets

Assets

Cash	\$ 470,396
Inventory	18,250
Property and equipment, net	548,134
Loan fees, net	2,646
Security deposits	<u>1,180</u>

Total Assets	<u><u>1,040,606</u></u>
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Liabilities and Net Assets

Liabilities

Credit card payable	29
Payroll tax withholdings	3,446
Long-term debt	<u>248,612</u>

Total Liabilities	<u>252,087</u>
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Net Assets

Unrestricted	486,660
Temporarily restricted	<u>301,859</u>

Total Net Assets	<u>788,519</u>
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Total Liabilities and Net Assets	<u><u>\$ 1,040,606</u></u>
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**Statement of Revenue, Expenses and Changes
in Net Assets-Modified Cash Basis
Year Ended June 30, 2017**

Unrestricted Net Assets

Support and Revenue

Fundraising event contributions	\$ 124,311
Government grants	75,000
Contributions	141,195
Program service revenue	10,804
Income from fundraising events, net	52,080
Sale of inventory, net	2,686
Sponsorships	61,006
Space rental	25,667
Investment income	396
Loss on sale of assets	(25)
Net assets released from restrictions	<u>107,626</u>

Total Unrestricted Support and Revenue 600,746

Expenses

Program services	353,391
Supporting services:	
Management and general	91,940
Fundraising	<u>115,889</u>

Total Expenses 561,220

Increase in Unrestricted Net Assets 39,526

Temporarily Restricted Net Assets

Contributions	
Capital Campaign	168,742
The Healing Garden	<u>20,000</u>
Total	188,742

Net assets released from restrictions 107,626

Increase in Temporarily Restricted Net Assets 81,116

Increase in Net Assets 120,642

Net Assets

Beginning of year	<u>667,877</u>
End of year	<u><u>\$ 788,519</u></u>

See Notes to Modified Cash Basis Financial Statements.

F. E. T. C. H., Inc.

Statement of Functional Expenses - Modified Cash Basis Year Ended June 30, 2017

	Program Services		
	Companions in Crisis	Education	Pixie Pen Pals
Salaries- Executive Director	\$ 13,364	\$ 13,364	\$ 16,705
Salaries and wages-other	12,656	60,468	25,312
Payroll taxes	1,277	5,266	2,441
Other employee benefits	119	1,138	1,422
Total Salaries and Related Expenses	27,416	80,236	45,881
Veterinary fees	45,432	-	-
Management services	-	3,424	-
Accounting services	-	-	-
Other contracted services	-	1,562	25,271
Advertising and promotions	121	2,655	1,270
Office expenses	240	6,671	1,176
Information technology	1,032	1,930	1,032
Travel	186	3,168	2,228
Insurance	167	745	587
Interest	-	-	-
Other expenses	2,051	2,667	2,051
Direct fundraising	-	-	-
Program supplies	-	3,109	14,165
Occupancy	7,253	10,880	10,880
Total Expenses Before Depreciation	83,898	117,046	104,540
Depreciation of equipment	11,977	17,965	17,965
Total Expenses	\$ 95,875	\$ 135,011	\$ 122,505

See Notes to Modified Cash Basis Financial Statements.

Supporting Services		
Management and General	Fund Raising	Total Expenses
\$ 5,546	\$ 17,841	\$ 66,820
16,875	25,312	140,623
2,186	4,787	15,957
472	2,537	5,688
25,079	50,477	229,089
-	-	45,432
-	-	3,424
8,985	-	8,985
274	302	27,409
1,275	426	5,746
8,807	7,103	23,997
1,217	5,108	10,319
342	1,480	7,404
816	665	2,979
14,880	-	14,880
11,036	2,708	20,512
-	47,620	47,620
-	-	17,274
7,252	-	36,264
79,963	115,889	501,336
11,977	-	59,884
<u>\$ 91,940</u>	<u>\$ 115,889</u>	<u>\$ 561,220</u>

**Notes to Modified Cash Basis Financial Statements
June 30, 2017**

Note 1 – Nature of Business

F.E.T.C.H., Inc. (the Organization) is a nonprofit corporation organized under the laws of the Commonwealth of Virginia for the purpose of improving the quality of life by connecting people and pets through accessible, compassionate treatment and education.

Note 2 - Summary of Significant Accounting Policies

This summary of significant accounting policies of F.E.T.C.H., Inc. is presented to assist in understanding the Organization's financial statements. These financial statements and notes are representations of the Organization's management, who are responsible for their integrity and objectivity. The accounting policies, as stated below, are on a comprehensive basis of accounting other than generally accepted accounting principles, and have been consistently applied in the preparation of the financial statements. Accordingly, the accompanying financial statements are not intended to present financial position and revenues, expenses and changes in net assets in conformity with generally accepted accounting principles.

Basis of Statements

The books and the financial statements of the Organization are maintained and presented on the modified cash basis, modified for the capitalization of property and equipment and related depreciation for the year presented in the financial statements.

The Organization reports amounts for total assets, liabilities and net assets in a statement of assets, liabilities and net assets-modified cash basis and changes in net assets in a statement of revenue, expenses and changes in net assets-modified cash basis. The Organization classifies net assets in three classes: unrestricted, temporarily restricted and permanently restricted based on the existence or absence of donor-imposed restrictions. There are currently no permanently restricted net assets.

Unrestricted net assets are not subject to donor-imposed restrictions and are presently available for use by the Organization at the discretion of the Board of Directors. If the Board specifies a purpose where none has been stated by a donor, such assets are classified as Board-designated net assets.

Property, Equipment and Depreciation

The Organization capitalizes property and equipment at acquisition cost. Donations of property and equipment are recorded at their fair value. Such donations are recorded as unrestricted contributions unless the donor has restricted the asset to a specific purpose. Property and equipment are depreciated using the straight-line method over useful lives of 5-15 years..

Notes to Modified Cash Basis Financial Statements
June 30, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

Support and Revenue

Contributions received are recognized as revenues in the period received at their fair values. All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor/grantor. Amounts received that are restricted by the donor/grantor for specific purposes are reported as temporarily restricted support. When temporary restrictions are satisfied upon meeting program objectives, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of revenue, expenses and changes in net assets-modified cash basis as net assets released from restrictions.

Income Tax Status

The Internal Revenue Service has determined that the Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Form 990 is open to examination for the years ended June 30, 2015 - 2017.

Cash and Cash Equivalents

The Organization considers all highly liquid instruments purchased with maturities of three months or less to be cash equivalents.

Cash Restricted to Purchase Property

Cash restricted to purchase equipment has been restricted by donors and is not available for operating purposes.

Advertising and Promotion Costs

Advertising and promotion costs are expensed as incurred and amounted to \$5,746 for the year ended June 30, 2017.

Functional Allocation of Expenses

The costs of providing the various programs and related services have been presented in the Statement of Functional Expenses-Modified Cash Basis. Accordingly, certain costs have been allocated among programs and supporting services benefited.

Notes to Modified Cash Basis Financial Statements June 30, 2017

Note 2 - Summary of Significant Accounting Policies (Concluded)

Evaluation of Subsequent Events

The Organization has evaluated subsequent events through November 8, 2017, the date which the financial statements were available to be issued.

Note 3 – Property and Equipment

Property and equipment consists of the following at June 30, 2017:

Office Equipment	\$ 5,647
Oncology Equipment	372,160
Leasehold improvements	219,354
Compare equipment	5,715
Furniture and Fixtures	22,158
Total	625,034
Less accumulated depreciation	(76,900)
Net	<u>\$ 548,134</u>

Note 4 – Long-Term Debt

Long-term debt consists of a note payable with monthly installments of \$5,872 including interest at 5.25%. The balance as of June 30, 2017 amounted to \$248,612. The loan is collateralized by a security interest in equipment, the FETCH Capital Campaign account and Capital Campaign pledges.

Maturities of long-term debt are as follows:

<u>Years ending June 30,</u>	<u>Amount</u>
2018	\$ 58,637
2019	61,839
2020	65,217
2021	62,919
	<u>\$ 248,612</u>

**Notes to Modified Cash Basis Financial Statements
June 30, 2017****Note 5 - Concentration of Credit Risk**

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of cash. The Organization maintains its cash balances in a quality financial institution located in Richmond, Virginia. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2017, the Organization has uninsured balances of \$29,295.

Note 6 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2017:

Felicia Fund	\$ 2,564
The Healing Garden	20,000
Capital Campaign	<u>279,295</u>
Total	<u>\$301,859</u>

Note 7 – Capital Campaign

The Organization has an ongoing capital campaign to bring state of the art medical equipment and facilities together in one location with permanent offices for the Organization. Partnering with an established medical practice will bring radiation therapy to Central Virginia which will extend and save the lives of many pets.

Contributions raised through the Capital Campaign are restricted for the purchase of the medical equipment and renovation of the facility as well as a future endowment fund to sustain the Organization's mission. Those restrictions are considered to expire when payments are made. The current balance of the Capital Campaign fund is \$279,295 as of June 30, 2017.

The Organization has led by example on the Capital Campaign with 100% participation from both the Board of Directors and the staff.

For the year ended June 30, 2017, fundraising expenses associated with the Capital Campaign were \$20,431 and donations to the Capital Campaign totaled \$168,742.

**Notes to Modified Cash Basis Financial Statements
June 30, 2017****Note 8 – Contributed Goods and Services**

Contributed goods and services are reflected in the financial statements as contributions at fair value, if determinable, and are also reported in the various expense and asset categories. The fair value of donated goods and services that were recorded for the year ended June 30, 2017 totaled \$50,059. A substantial number of unpaid volunteers have made significant contributions of their time to develop the Organization's programs. These services do not meet the criteria for recognition as donated services. The Organization received approximately 13,070 volunteer hours for the year ended June 30, 2017.

Note 9 – Commitments and Contingencies(Continued)

The Organization signed a lease agreement with the landlord which commenced August 1, 2015 to occupy 4,242 square feet of office space. The term of the lease is for seven years with a renewable option for an additional seven years. Rent expense amounted to \$33,172 for the year ended June 30, 2017.

The Organization signed an agreement to sublease 2,675 square feet of medical space and 800 square feet of shared office space to the company that is leasing the oncology equipment. The lease term is effective November 1, 2016 and will be for seven years with a renewable option for an additional seven years. The annual lease amount will start at \$38,500 with an annual increase of 3% per year over the term of the lease.

The following is a schedule of future minimum rentals under the office space lease:

Years ending June 30:	
2018	\$ 37,262
2019	38,408
2020	39,566
2021	40,757
2022	41,976
Thereafter	<u>34,346</u>
	<u>\$232,315</u>

Notes to Modified Cash Basis Financial Statements
June 30, 2017

The following is a schedule of future minimum sublease rentals:

Years ending June 30:	
2018	\$ 38,500
2019	39,234
2020	40,746
2021	42,330
2022	43,986
Thereafter	<u>61,266</u>
	<u>\$266,062</u>