



**VETERANS ALTERNATIVE, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019 AND 2018**

# VETERANS ALTERNATIVE, INC.

## FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

### TABLE OF CONTENTS

	<u>PAGE</u>
Independent Certified Public Accountant's Report	1
 <b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	13



## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors  
Veterans Alternative, Inc.  
Holiday, Florida

We have audited the accompanying financial statements of Veterans Alternative, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2019 and 2018 and the related statements of activities and changes in net assets, statements of functional expenses and statements of cash flows for the years then ended, 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 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of 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 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 the Organization as of December 31, 2019 and 2018, 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.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2020, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Becker & Associates, PA*

Certified Public Accountants  
February 10, 2020

**VETERANS ALTERNATIVE, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 132,652	\$ 69,660
<b>Total Current Assets</b>	132,652	69,660
Property and equipment, net	162,061	175,919
<b>TOTAL ASSETS</b>	\$ 294,713	\$ 245,579
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 12,000	\$ 3,434
<b>Total Liabilities</b>	12,000	3,434
<b>Net Assets</b>		
Without donor restrictions:		
Undesignated	120,652	66,226
Invested in property and equipment	162,061	175,919
With donor restrictions	-	-
<b>Total Net Assets</b>	282,713	242,145
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 294,713	\$ 245,579

Read Report of Independent Certified Public Accountants.  
The accompanying notes are an integral part  
of these financial statements.

**VETERANS ALTERNATIVE, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>Support and Revenue</b>		
Contributions	\$ 308,520	\$ 148,234
Foundation grants	252,446	266,983
Government grants and contracts	260,010	250,423
In-kind contributions	9,048	-
Interest income	1,049	-
	<u>831,073</u>	<u>665,640</u>
Special events	2,000	86,134
Less: direct costs of special events	(1,702)	(69,984)
	<u>298</u>	<u>16,150</u>
<b>Total Support and Revenue</b>	<u>831,371</u>	<u>681,790</u>
<b>EXPENSES</b>		
<i>Program Services</i>	<u>674,325</u>	<u>544,399</u>
<i>Support Services</i>		
Management and general	107,595	106,230
Fundraising	8,883	7,458
	<u>116,478</u>	<u>113,688</u>
<i>Total Support Services</i>		
	<u>116,478</u>	<u>113,688</u>
<b>TOTAL EXPENSES</b>	<u>790,803</u>	<u>658,087</u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>40,568</u>	<u>23,703</u>
<b>NET ASSETS, beginning of the year</b>	<u>242,145</u>	<u>218,442</u>
<b>NET ASSETS, end of year</b>	<u>\$ 282,713</u>	<u>\$ 242,145</u>

Read Report of Independent Certified Public Accountants.  
The accompanying notes are an integral part  
of these financial statements.

**VETERANS ALTERNATIVE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Support Services</u>			<u>Total Support Services</u>	<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Salaries and wages	\$ 278,717	\$ 51,350	\$ 3,950	\$ 55,300	\$ 334,017
Payroll taxes	21,322	4,230	-	4,230	25,552
Total salaries and related expenses	300,039	55,580	3,950	59,530	359,569
Program lodging and meals	108,907	-	-	-	108,907
Management consulting services	64,425	16,106	-	16,106	80,531
Training, travel and meetings	40,943	-	-	-	40,943
Professional fees	28,555	30,501	-	30,501	59,056
Occupancy costs	43,648	2,767	-	2,767	46,415
Marketing costs	6,649	-	4,933	4,933	11,582
Other direct program expenses	20,566	-	-	-	20,566
Auto expenses	9,207	-	-	-	9,207
Telephone and IT costs	8,229	837	-	837	9,066
Insurance	8,914	489	-	489	9,403
Office expenses	4,531	995	-	995	5,526
Dues, subscriptions and registrations	1,452	320	-	320	1,772
Contract labor	11,275	-	-	-	11,275
Program supplies	3,127	-	-	-	3,127
Total expenses before depreciation	660,467	107,595	8,883	116,478	776,945
Depreciation expense	13,858	-	-	-	13,858
Total expenses	<u>\$ 674,325</u>	<u>\$ 107,595</u>	<u>\$ 8,883</u>	<u>\$ 116,478</u>	<u>\$ 790,803</u>

Read Report of Independent Certified Public Accountants.  
The accompanying notes are an integral part  
of these financial statements.

**VETERANS ALTERNATIVE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 30, 2018**

	<u>Support Services</u>			<u>Total Support Services</u>	<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Salaries and wages	\$ 199,102	\$ 64,500	\$ 3,950	\$ 68,450	\$ 267,552
Payroll taxes	17,178	4,572	-	4,572	21,750
Total salaries and related expenses	216,280	69,072	3,950	73,022	289,302
Program lodging and meals	105,124	-	-	-	105,124
Management consulting services	65,450	11,550	-	11,550	77,000
Training, travel and meetings	28,443	6,000	2,135	8,135	36,578
Professional fees	19,508	14,295	-	14,295	33,803
Occupancy costs	18,258	2,029	-	2,029	20,287
Marketing costs	12,360	-	1,373	1,373	13,733
Other direct program expenses	12,996	-	-	-	12,996
Auto expenses	10,583	-	-	-	10,583
Telephone and IT costs	5,596	1,577	-	1,577	7,173
Insurance	6,547	489	-	489	7,036
Office expenses	5,569	619	-	619	6,188
Dues, subscriptions and registrations	2,123	599	-	599	2,722
Contract labor	22,858	-	-	-	22,858
Program supplies	1,516	-	-	-	1,516
Total expenses before depreciation	533,211	106,230	7,458	113,688	646,899
Depreciation expense	11,188	-	-	-	11,188
Total expenses	<u>\$ 544,399</u>	<u>\$ 106,230</u>	<u>\$ 7,458</u>	<u>\$ 113,688</u>	<u>\$ 658,087</u>

Read Report of Independent Certified Public Accountants.  
The accompanying notes are an integral part  
of these financial statements.



**VETERANS ALTERNATIVE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 40,568	\$ 23,703
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	13,858	11,188
Increase in accounts payable and accrued expenses	8,566	1,087
Total Adjustments	22,424	12,275
Net Cash Provided by (Used in) Operating Activities	62,992	35,978
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	-	(22,000)
Net Cash Provided by (Used in) Investing Activities	-	(22,000)
 <b>NET INCREASE IN CASH</b>	62,992	13,978
 <b>CASH, BEGINNING OF YEAR</b>	69,660	55,682
 <b>CASH, END OF YEAR</b>	\$ 132,652	\$ 69,660

Read Report of Independent Certified Public Accountants.  
The accompanying notes are an integral part  
of these financial statements.

**VETERANS ALTERNATIVE, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE A – DESCRIPTION OF ORGANIZATION**

Veterans Alternative, Inc. (the Organization) is a nonprofit entity incorporated in 2015 under the laws of the State of Florida. The Organization empowers veterans using alternative therapies and community engagement to create a more healthy, connected and resilient veteran population. The Organization was founded on the idea that there is not a “one size fits all” solution when it comes to addressing the wounds of war.

Since inception, the Organization has provided over 500 Combat Veterans and their spouses the life-changing tools they need to lead a better life after transitioning from combat or military service. Through its primary program, the five-day Accelerated Wellness Program (AWP), participants overcome issues such as post-traumatic stress, depression and anxiety. The AWP incorporates alternative therapies such as Accelerated Resolution Therapy, Integrative Restoration, adaptive yoga, equine therapy, music therapy and art therapy to help participants overcome the traumas of war.

Veterans Alternative also regularly provides community engagement opportunities such as Friday evening BBQs, camaraderie-building outings and volunteer opportunities in a safe and therapeutic environment for Veterans seeking to connect with their fellow brothers and sisters. Individualized sessions of ART and group sessions of iRest and adaptive yoga are also available to Combat Veterans and spouses who are unable to attend the five-day program. All services at Veterans Alternative are provided at no cost.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation and Recent Accounting Pronouncement**

In August 2016, the FASB issued ASU 2016-14 (the ASU), Not-for-Profit Entities (Topic 958), to make improvements to a not-for-profit entity’s (NFPs) current financial reporting on net assets, expenses, liquidity, financial performance and cash flows. These improvements are intended to provide more useful information to donors, grantors, creditors and other users of a NFPs financial statements. The ASU is effective for fiscal years beginning after December 15, 2017 and the Organization has adopted the ASU for the year ended December 31, 2018.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations, including restricted contributions whose restrictions are met in the same reporting period.

**VETERANS ALTERNATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that:

- may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.
- are maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

The Organization had no net assets with donor restrictions at December 31, 2019 and 2018.

**Estimates**

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash is defined as restricted and unrestricted cash on hand and amounts in depository accounts and money market accounts at the bank. Cash equivalents would consist of highly liquid investments available for current use with an initial maturity of three months or less.

**Contributions**

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

**Grants and Contracts**

Revenues from grants and contracts are recorded based upon terms of the grantor allotment which generally provide that revenues are earned when the allowable costs of the specific grant provisions have been incurred. Revenues are subject to audit by the grantor and, if the examination results in a disallowance of any expenditure, repayment could be required. As of December 31, 2019 and 2018, one grantor accounted for approximately 30% and 37% of total revenues without donor restrictions, respectively.

**Property and Equipment**

Acquisitions of property and equipment are capitalized, recorded at historical cost, and depreciated using the straight-line method over the estimated useful lives ranging from 5 to 39 years. Acquisitions of property and equipment with a cost in excess of \$1,000 are capitalized. Maintenance and repairs are charged to operations when incurred. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in earnings.

**VETERANS ALTERNATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Donated Facilities, Materials and Services**

Donated facilities are reflected in the accompanying financial statements as revenue and expense based on the fair rental value of comparable facilities.

Donated materials, when received, are reflected as contributions in the financial statements at their estimated fair market values at the date of receipt. The amounts for donated materials are reflected in the accompanying financial statements as in-kind contributions and are offset by like amounts included in inventory and expenses.

Donated services are recorded at their approximate value if they create or enhance non-financial assets, are of a specialized nature, are provided by an individual possessing those skills, and would have been purchased if not donated. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses. A number of individuals volunteer their time in the Organization's program services and fundraising campaigns, but these services do not meet the criteria for recognition as donated services.

**Functional Allocation of Expenses**

Expenses are shown by natural expense classification and function in the accompanying statement of functional expenses for each year presented. Expenses that are attributable to more than one program or supporting function are allocated on a reasonable basis that is consistently applied. Allocations are based on direct usage or management's estimate of the benefit derived by each activity. Management's estimates may be based on factors such as time and effort, square footage, or clients served. For the years ended December 31, 2019 and 2018, all expenses which were allocated were done so on the basis of estimates of time and effort.

**Income Tax Status**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Organization is treated as a public supported organization, and not as a private foundation. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements. The Organization accounts for uncertain tax positions, if any, in accordance with ASC Section 740.

Management is not aware of any activities that would jeopardize the Organization's tax-exempt status. The Organization is not aware of any tax positions that it has taken that are subject to a significant degree of uncertainty. The Organization believes it is no longer subject to income tax examinations for fiscal years ending prior to December 31, 2016.

**Fair Value of Financial Instruments**

Professional standards require disclosure of an estimated fair value of certain financial instruments. The Organization's significant financial instruments are cash and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

Read Report of Independent Certified Public Accountants

**VETERANS ALTERNATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Concentration of Credit Risk**

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization places its cash with creditworthy, high quality financial institutions. The Organization has not experienced any losses from its deposits. At December 31, 2019 and 2018, the Organization's cash held with financial institutions did not exceed the federally insured limit of \$250,000.

**NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization's financial assets as of the statement of financial position date. These financial assets are required to be reduced by those not available for general use within one year of the statement of financial position date:

	<b>2019</b>	<b>2018</b>
Financial assets:		
Cash and cash equivalents	\$ 132,652	\$ 69,660
Less those unavailable for general expenditure	-	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 132,652	\$ 69,660

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due and strives to operate within a prudent range of financial soundness and stability, maintain adequate liquid assets to fund near-term operating needs, and maintain sufficient reserves to provide reasonable assurance that any long-term obligations will be discharged. Financial assets in excess of daily cash requirements may be invested in certificates of deposit, money market funds or other short-term investments.

**NOTE D – PROPERTY AND EQUIPMENT**

	<b>December 31,</b>	
	<b>2019</b>	<b>2018</b>
Land	\$ 24,402	\$ 24,402
Buildings and improvements	109,231	109,231
Furniture and equipment	43,401	43,401
Portables	12,000	12,000
Vehicle	22,000	22,000
	211,034	211,034
Less: accumulated depreciation	(48,973)	(35,115)
	\$ 162,061	\$ 175,919

Read Report of Independent Certified Public Accountants

**VETERANS ALTERNATIVE, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE E – IN-KIND CONTRIBUTIONS**

In-kind contributions received during the years ended December 31, 2019 and 2018 were for the following and were utilized 100% for program services:

	<u>2019</u>	<u>2018</u>
Donated gift cards	\$ 2,150	\$ -
Donated supplies	898	
Donated facilities	<u>6,000</u>	<u>-</u>
	<u>\$ 9,048</u>	<u>\$ -</u>

**NOTE F – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 10, 2020, the date the financial statements were available to be issued.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
Veterans Alternative, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Veteran's Alternative, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated February 10, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our

tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Reeder + Associates, PA*

Certified Public Accountants  
February 10, 2020