

Bergin University of Canine Studies
aka
Assistance Dog Institute

Audited Financial Statements

*For the twelve month periods ended
September 30, 2010 and 2009*

Performed by:



R.A. BIANCHI & ASSOCIATES

Certified Public Accountants

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Bergin University of Canine Studies
aka
Assistance Dog Institute

September 30, 2010 and 2009

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Robert A. Bianchi, CPA

Marc Udoff, CPA

Bita Van Gilder, CPA

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Maria Aragon, CRTP

Katy Bianchi, Mgr

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Bergin University of Canine Studies
aka Assistance Dog Institute

We have audited the accompanying statements of financial position of the Bergin University of Canine Studies aka Assistance Dog Institute (a non profit organization) as of September 30, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bergin University of Canine Studies aka Assistance Dog Institute as of September 30, 2010 and 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Robert A. Bianchi & Associates

Santa Rosa, CA
November 16, 2010

R.A. BIANCHI & ASSOCIATES
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT



Robert A. Bianchi, CPA

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Bitia Van Gilder, CPA

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Maria Aragon, CRTP

Clarke Kress, CRTP

Katy Bianchi, Mgr

John O'Bryan, MCSE

Board of Directors
Bergin University of Canine Studies aka Assistance Dog Institute

I have audited the accompanying balance sheet of Bergin University of Canine Studies aka Assistance Dog Institute as of September 30, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Bergin University of Canine Studies aka Assistance Dog Institute's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bergin University of Canine Studies aka Assistance Dog Institute as of September 30, 2010 and 2009, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 16, 2010, on my consideration of Bergin University of Canine Studies aka Assistance Dog Institute's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on

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compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

R.A. Bianchi & Assoc.

Robert A. Bianchi & Associates

Santa Rosa, CA
November 16, 2010

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**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***

Board of Directors

Bergin University of Canine Studies aka Assistance Dog Institute

I have audited the financial statements of Bergin University of Canine Studies aka Assistance Dog Institute as of and for the year ended September 30, 2010 and 2009, and have issued my report thereon dated November 16, 2010. I conducted my audit 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Bergin University of Canine Studies aka Assistance Dog Institute's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bergin University of Canine Studies aka Assistance Dog Institute's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Bergin University of Canine Studies aka Assistance Dog Institute's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by Bergin University of Canine Studies aka Assistance Dog Institute's internal control.

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A *material weakness* is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Bergin University of Canine Studies aka Assistance Dog Institute's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bergin University of Canine Studies aka Assistance Dog Institute's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the audit committee, management, and the U. S. Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

Robert A. Bianchi & Associates

Santa Rosa, CA
November 16, 2009

Bergin University of Canine Studies
Home of the Assistance Dog Institute
Statement of Financial Position
As of September 30, 2010 and 2009

Assets

	September 30, 2010	September 30, 2009
Current Assets		
Cash & Cash Equivalents	\$ 21,540	\$ 101,824
Accounts Receivable (Net of Allowance for Doubtful Accounts of \$11,039)	\$ 273,149	\$ 454,609
Other Current Assets	\$ 51,646	\$ 103,166
Total Current Assets	\$ 346,335	\$ 659,599
Fixed Assets		
Real Estate	\$ 826,019	\$ 788,220
Furniture and Equipment	\$ 321,613	\$ 317,625
Software, net	\$ 18,000	\$ -
	\$ 1,165,632	\$ 1,105,845
(Less: Accumulated Depreciation/Amortization)	\$ (357,324)	\$ (291,036)
Total Fixed Assets	\$ 808,308	\$ 814,809
Other Assets		
Licensing Fees	\$ 4,500	\$ 4,500
Breeder Dogs	\$ 9,200	\$ 9,200
Website Cost	\$ 77,455	\$ 77,455
Monterey Property	\$ 33,297	\$ 33,297
Inventory Asset	\$ 275,656	\$ 253,334
	\$ 400,108	\$ 377,786
(Less: Accumulated Amortization)	\$ (49,870)	\$ (23,802)
Total Other Assets	\$ 350,238	\$ 353,984
Total Assets	\$ 1,504,881	\$ 1,828,392
Liabilities & Net Assets		
Current Liabilities		
Accounts Payable	\$ 977	\$ 10,317
Line of Credit	\$ 239,218	\$ 361,902
Unearned Tuition Income	\$ 8,859	\$ 5,910
Other Current Liabilities	\$ 42,145	\$ 41,521
Total Current Liabilities	\$ 291,199	\$ 419,650
Net Assets		
Unrestricted:		
Operating (Deficit)	\$ (195,060)	\$ 324,696
Capitalized Assets	\$ 1,408,742	\$ 1,084,046
Total Net Assets	\$ 1,213,682	\$ 1,408,742
Total Liabilities and Net Assets	\$ 1,504,881	\$ 1,828,392

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

Bergin University of Canine Studies
Home of the Assistance Dog Institute
Statement of Activities
As of September 30, 2010 and 2009

	September 30, 2010			September 30, 2009
	Unrestricted	Temporarily Restricted	Total	Total
Revenue & Other Support				
Donations	\$ 325,754	\$ -	\$ 325,754	\$ 570,021
Events & Fees	\$ 270,583	\$ -	\$ 270,583	\$ 354,234
Bequests	\$ 119,974	\$ -	\$ 119,974	\$ 150,000
Grants	\$ 252,085	\$ -	\$ 252,085	\$ 379,536
Sales/Other	\$ 3,334	\$ -	\$ 3,334	\$ 5,073
Interest	\$ 16	\$ -	\$ 16	\$ 288
Total Revenue	\$ 971,746	\$ -	\$ 971,746	\$ 1,459,151
Net Assets Released From Restriction				
Satisfaction of Grant Restrictions	\$ -	\$ -	\$ -	\$ -
Total Net Assets	\$ -	\$ -	\$ -	\$ -
Expenses				
Program Activities	\$ 1,142,221	\$ -	\$ 1,142,221	\$ 1,083,477
General & Administrative	\$ 6,730	\$ -	\$ 6,730	\$ 30,409
Fundraising	\$ 17,855	\$ -	\$ 17,855	\$ 20,569
Total Expenses	\$ 1,166,806	\$ -	\$ 1,166,806	\$ 1,134,455
Increase (Decrease) in Net Assets	\$ (195,060)	\$ -	\$ (195,060)	\$ 324,696
Net Assets, Beginning of Year	\$ 1,408,742	\$ -	\$ 1,408,742	\$ 1,084,046
Net Assets (Deficit), End of Year	\$ 1,213,682	\$ -	\$ 1,213,682	\$ 1,408,742

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

Bergin University of Canine Studies
Home of the Assistance Dog Institute
Statement of Functional Expenses
As of September 30, 2010 and 2009

	September 30, 2010				September 30, 2009
	General & Administrative	Program Activities	Fund Raising	Total	Total
Cost of Goods Sold	\$ -	\$ 124,942	\$ -	\$ 124,942	\$ 102,948
Wages	\$ -	\$ 434,854	\$ -	\$ 434,854	\$ 476,410
Payroll Taxes & Benefits	\$ -	\$ 88,672	\$ -	\$ 88,672	\$ 87,909
Compensation Insurance	\$ -	\$ -	\$ -	\$ -	\$ 9,814
Pension Expense	\$ -	\$ -	\$ -	\$ -	\$ 6,583
Small Tools & Equipment	\$ -	\$ 21,912	\$ -	\$ 21,912	\$ 12,079
Bank Charge/Interest	\$ -	\$ 23,401	\$ -	\$ 23,401	\$ 15,794
Insurance - Automotive	\$ -	\$ 3,858	\$ -	\$ 3,858	\$ 5,396
Insurance - Other	\$ -	\$ 10,688	\$ -	\$ 10,688	\$ 8,578
Library	\$ -	\$ -	\$ -	\$ -	\$ -
Marketing - Advertising	\$ -	\$ 4,787	\$ 12,062	\$ 16,849	\$ 38,694
Marketing - Print Production	\$ -	\$ 20,928	\$ -	\$ 20,928	\$ 16,950
Marketing - Other	\$ -	\$ 51,332	\$ -	\$ 51,332	\$ 3,818
Occupancy	\$ 1,539	\$ 58,259	\$ -	\$ 59,799	\$ 56,097
Postage	\$ -	\$ 25,802	\$ 1,615	\$ 27,417	\$ 15,995
Scholarships	\$ -	\$ -	\$ -	\$ -	\$ -
Services - Accounting	\$ 4,753	\$ 1,914	\$ -	\$ 6,667	\$ 3,960
Services - Temporary	\$ -	\$ 20,656	\$ -	\$ 20,656	\$ 2,602
Services - Faculty	\$ -	\$ 24,835	\$ -	\$ 24,835	\$ 23,239
Services - Vet	\$ -	\$ 4,951	\$ -	\$ 4,951	\$ 2,395
Services - Cleaning Dogs	\$ -	\$ 175	\$ -	\$ 175	\$ -
Services - Breeding Fees	\$ -	\$ 5,215	\$ -	\$ 5,215	\$ 151
Services - Non-Monetary Services	\$ -	\$ 13,652	\$ -	\$ 13,652	\$ 24,012
Services - Contractors	\$ -	\$ 6,239	\$ 820	\$ 7,059	\$ 24,904
Services - Other	\$ -	\$ 33	\$ -	\$ 33	\$ 5,395
Supplies - Vet	\$ -	\$ 1,128	\$ -	\$ 1,128	\$ 1,562
Supplies - Program	\$ -	\$ 5,658	\$ -	\$ 5,658	\$ 2,602
Supplies - Dog	\$ -	\$ 6,380	\$ -	\$ 6,380	\$ 2,758
Supplies - Computer	\$ -	\$ 7,325	\$ -	\$ 7,325	\$ 2,345
Supplies - Training	\$ -	\$ -	\$ -	\$ -	\$ 2,298
Supplies - Office	\$ -	\$ 13,669	\$ -	\$ 13,669	\$ 10,626
Taxes/Licenses/Fees	\$ -	\$ 16,509	\$ 3,358	\$ 19,867	\$ 13,228
Telephone	\$ -	\$ 16,464	\$ -	\$ 16,464	\$ 10,216
Travel	\$ 438	\$ 33,211	\$ -	\$ 33,649	\$ 35,124
Miscellaneous	\$ -	\$ 2,417	\$ -	\$ 2,417	\$ 7,694
Bad Debt	\$ -	\$ -	\$ -	\$ -	\$ 12,002
Depreciation & Amortization	\$ -	\$ 92,356	\$ -	\$ 92,356	\$ 64,691
Other Expense	\$ -	\$ -	\$ -	\$ -	\$ 25,586
Total	\$ 6,730	\$ 1,142,221	\$ 17,855	\$ 1,166,806	\$ 1,134,455

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

Bergin University of Canine Studies
Home of the Assistance Dog Institute
Statement of Cash Flows
As of September 30, 2010 and 2009

	September 30, 2010	September 30, 2009
OPERATING ACTIVITIES		
Change in net assets	\$ (195,060)	\$ 324,696
Adjustments to reconcile change in net assets to net cash provided by operations.		
Adjustments to Reconcile Changes in Net Assets to Net Cash Used by Operating Activities:		
Depreciation (Note 3)	\$ 92,356	\$ 64,691
(Increase)/Decrease in Accounts Receivable	\$ 181,460	\$ (395,872)
(Increase)/Decrease in Other Current Assets	\$ 51,520	\$ (97,748)
Increase/(Decrease) in Accounts Payable	\$ (9,340)	\$ 10,022
Increase/(Decrease) in Unearned Tuition Income	\$ 2,949	
Increase (Decrease) in Other Current Liabilities	\$ 624	\$ (59,362)
Net cash provided by Operating Activities	\$ 319,569	\$ (478,269)
INVESTING ACTIVITIES		
Property and Equipment Purchases	\$ (59,787)	\$ (37,632)
Other Asset Purchases	\$ -	\$ (53,955)
Inventory Asset Purchases	\$ (22,322)	\$ (22,297)
Net cash provided by Investing Activities	\$ (82,109)	\$ (113,884)
FINANCING ACTIVITIES		
Increase/(Decrease) Line of Credit	\$ (122,684)	\$ 350,902
Net cash provided by Financing Activities	\$ (122,684)	\$ 350,902
Net cash increase/(decrease) for period	\$ (80,285)	\$ 83,445
Cash at beginning of period	\$ 101,824	\$ 18,381
Rounding	\$ 1	\$ (2)
Cash at end of period	\$ 21,540	\$ 101,824
Supplemental Disclosures:		
Cash paid for interest and taxes during the year	\$ 21,456.00	\$ 11,539

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

*BERGIN UNIVERSITY OF CANINE STUDIES
AKA ASSISTANCE DOG INSTITUTE
NOTES TO FINANCIAL STATEMENTS
September 30, 2010 and 2009*

NOTE 1 - ORGANIZATION

The Bergin University of Canine Studies formerly known as the Assistance Dog Institute was founded in 1991 for the sole purpose of developing, enhancing, and evolving assistance dog work. The Organization is dedicated to enhancing the field of assistance dog work through research, development of methods and materials and education of programs and people about assistance dog work. In April of 2010, the Accrediting Council for Independent College and Schools (ACICS) granted the Organization an accredited postsecondary educational institution status. Accordingly, the Organization can now confer Associates, Bachelor's and Master's degrees.

An assistance dog is the enabling link to greater self-sufficiency for any individual with a disability. Assistance dogs include the following specialty services; the service dog, the guide dog, the hearing dog, and the social/therapy dog.

The institute is funded by fees and tuitions, charitable gifts, grants, donations, group and service club contributions, bequests, sponsorships and ongoing fundraising activities.

The Organizations major programs are the University Curriculum, Paws for Purple Hearts (PPH), and High School Assistance Dogs (HSA).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Basics of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Income Taxes

The Organization is a tax-exempt non-profit corporation under Section 501 (c) (3) of the Internal Revenue Code. The Internal Revenue Service has determined that the Organization is not a private foundation. Continuation of such exemption is subject to compliance with law and the taxing authority regulations. Because of its tax-exempt status, no provision has been made for income taxes.

Cash and Cash Equivalents

Cash and cash equivalents include cash-on-hand, cash in checking, savings, money market accounts and a Paypal account.

Accounts Receivable

Accounts receivable reflects dues from tuition, room and board, high school assistance dog program, assistance dog purchases by clients on payment terms, and pledged donations (sponsorships, bequests, et al).

Inventory

Inventory is computed based on the last two years of cash disbursements for the Dog/Kennel Program, Breeding Program and Veterinarian Program cash disbursements. These amounts include dog food, veterinarian expenses, and breeding costs. The two year period was adopted because it coincides with the average dog training and placement cycle.

*BERGIN UNIVERSITY OF CANINE STUDIES
AKA ASSISTANCE DOG INSTITUTE
NOTES TO FINANCIAL STATEMENTS
September 30, 2010 and 2009*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Cont.)

Revenue Recognition

Revenues are recognized based on accrual accounting in accordance with generally accepted accounting principles (GAAP). Revenues are recognized when earned, regardless of the timing of cash receipts. Revenue is considered earned when the University has substantially met its obligation to be entitled to the benefits represented by the revenue. Deposits, advance payments and progress payments for programs or activities to be conducted primarily in the next fiscal year are classified as deferred revenues and are recognized as revenue only when the revenue producing event has occurred.

Types of Revenue

1. Student Tuition & Fees

The University recognizes revenue from student tuition & fees when earned (i.e., when classes begin) rather than when paid. Deposits and prepayments of tuition and fees are recorded as deferred revenue until the start of the period for which they are intended. Tuition is recorded in the financial statements net of discounts and scholarships.

2. Grants & Contracts

The Organization's nongovernmental grants and contracts are sponsored agreements. Revenue is recognized on a fulfillment basis. Advance payments on sponsored awards are recorded as deferred revenue until expenses are incurred or another measurable fulfillment factor is achieved. Facilities and Administrative expenses associated with research or other activity are also recognized as the expenses for the activity.

3. Bequests

Bequests are recognized as revenue upon written notification from trustees, executors and/or legal counsel.

4. Donations

Contributions made, for which the donor does not expect to directly receive anything in return, are accounted for as either restricted or unrestricted contributions and are recognized as revenue in the period received or pledged.

*BERGIN UNIVERSITY OF CANINE STUDIES
AKA ASSISTANCE DOG INSTITUTE
NOTES TO FINANCIAL STATEMENTS
September 30, 2010 and 2009*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Cont.)

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of 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 or revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fixed Assets

Purchased Machinery & Equipment, Furniture & Fixture, Building, and Land are recorded at cost. Donations of Furniture & Fixtures, and Machinery & Equipment are recorded at its fair market value at the time of the gift.

Depreciation of fixed assets is computed using the straight-line method based on estimated lives of five to forty years.

Amortizable assets

The Institute's policy is to amortize the cost of breeding dogs over a five-year period. Also, license fees are amortized over fifteen-year period.

*BERGIN UNIVERSITY OF CANINE STUDIES
AKA ASSISTANCE DOG INSTITUTE
NOTES TO FINANCIAL STATEMENTS
September 30, 2010 and 2009*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Cont.)

Other Assets

Other assets reflect inventory asset. All dog expenses applicable to raise, train, and maintain Assistance Dogs that are not yet available for sale receive inventory treatment in accordance with SFAS/FASB 133 guideline. The change in accounting is a result of change in Institute's policy to treat all dog expenses applicable to breeding of live stocks as inventory prior to sale. As a consequence of this change in accounting, the Organization recognizes the derivative, the inventory, as an asset in the statement of financial position and measures those instruments at lower of cost or market. For the purposes of comparative financial statements, the prior year audit has been modified to reflect the adoption of FASB 133 regarding inventory accounting for livestock and breeding.

Other Current Liabilities

Other current liabilities reflect accrued wages, accrued payroll liabilities, accrued 403(b) payable, and accrued compensated absence. In accordance with FASB 43, the Organization's policy is to maintain a two week holding period of wages from employee's wages as well as corresponding payroll liabilities and 403(b) contribution liabilities. Compensated absence accruals are necessary to reflect correct amount of liabilities resulting from vested but unpaid vacation and sick time. The wage accrual reflects period from 09/16/010 to 09/30/10. The compensated absences reflect cumulative vested but unpaid vacation and sick time liabilities. Other current liabilities also include prepaid tuition and dorm room fees received for the fall semester. The fall semester begins August 15th and ends December 20th, accordingly, tuition and dorm room fees received for the full semester are prorated as promulgated by FASB Statement of Financial Accounting Concepts No. 5.

Financial Statement Presentation

The Institute adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-For-Profit Organization." Under SFAS No. 117, the Institute is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions (there were not temporarily or permanently restricted net assets).

The institute also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made, "In accordance with SFAS No. 116, contributions received are recording as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. The adoption had no cumulative effect on net assets at the date of the adoption.

Public Support and Revenue

Donations are generally available for unrestricted use during the year unless specifically restricted by the donor. Some grants and fees are specifically for programs operating with the Institute and are recorded as temporarily restricted revenue. When funds are expended in accordance with the restrictions, they are released from restriction and recorded as revenue on the Statement of Activities as "Satisfaction of Program Restrictions". There were no unexpended "temporarily restricted" assets at year-end.

NOTE 3 - EMPLOYEE BENEFIT PLAN

The Organization sponsors a salary reduction plan pursuant to Section 403 (b) of the Internal Revenue Code, covering substantially all employees. Under the plan, employees contribute a specified percentage of their salary, or fixed dollar amount, to the plan. The Organization may agree to make "nonselective" contributions to their employees' 403 (b) plans. Due to timing difference in payroll and date of payment to the plan, contributions from both employees and employer from two payroll periods must be accrued. For the years ended 9/30/10 and 9/30/09 the employer contributions were \$ 0.00 and \$ 0.00, respectively.

*BERGIN UNIVERSITY OF CANINE STUDIES
AKA ASSISTANCE DOG INSTITUTE
NOTES TO FINANCIAL STATEMENTS
September 30, 2010 and 2009*

NOTE 4 - CONCENTRATION OF INCOME SOURCE

In accordance with SOP 94-6, disclosure of risks and uncertainties must be stated. Approximately 25.8% of the Organization's revenue was obtained from one source, the Combined Federal Campaign (Animal Funds of America) for the year ended September 30, 2010. This amounted to \$247,654.22 and \$210,231.00 for the years ended 09/30/10 and 09/30/09 respectively. Bergin University of Canine Studies makes an application every year to be approved to have contributions designated by the federal employees who are making contributions.

The Organization was awarded a contract by the Walter Reed Army Medical Center (WRAMC) under the Paws for Purple Hearts (PPH) program to train veterans to work with Assistance Service Dogs. The PPH program provides therapeutic intervention for those suffering the effects of Post Traumatic Stress Disorder (PTSD). The contract is for \$245,000 to be paid monthly over 12 months commencing September 28, 2010.

In the fiscal year ended 09/30/10, the Organization received an unrestricted grant of \$100,000 from a single source, Del Monte Foods. This amount represents 7.0% of total revenue and support. Currently this money has not been received; however the organization has been told by high ranking Del Monte officials that this money will be distributed. Management is confident that these funds will be received due to the fact that Del Monte has received several services in exchange for this gift and the organization is reasonably relying on the donation to continue operations. There are no assurances, positively or negatively, as to whether this grant will be a recurring source of funds, however, the organization has entered into a reciprocal sponsorship agreement with Del Monte Foods for Nature's Recipe and Milk Bone Products.

In the fiscal year ended 09/30/10 and 09/30/09, the Organization received a restricted grant of \$75,000 and \$150,000 respectively from a single source, Finmeccanica. These amounts represent 7.8% and 10.5% of total revenue and support respectively. There are no assurances, positively or negatively, as to whether this grant will be a recurring source of funds.

The organization received bequests from two sources totaling \$119,974 (12.5%) which are non-recurring.

NOTE 5 - LINE OF CREDIT

The Organization has established a line of credit with Sonoma National Bank and as of year end had drawn up to \$239,218.25 from their total line of \$500,000. The interest rate is the Wall Street Journal Prime Rate (currently 3.25%) plus a 1.25% reference rate totaling 4.5%, however, there is an interest rate floor of 5.25%. Therefore, the current effective rate of interest is 5.25%. Any unpaid principal is due on December 2, 2010. The Organization has pledged real property in the form of a Deed of Trust with "Bergin University of Canine Studies" as the vested owner of the property.

NOTE 6 - CASH FLOW

For the year 9/30/10 the Organization has incurred a Negative Change in Net Assets (i.e., net loss) of \$195,060. In 9/30/09 and 09/30/08, the Organization showed positive Change in Net Assets (i.e., net gain) of \$324,696 and \$38,673. The Change in Net Assets indicates a large loss. Accounts Receivable has decrease from \$454,609 to \$273,149 net of allowances for bad debt. The line of credit balance has decreased from \$361,293 to \$239,218.

NOTE 7 – U.S. DEPARTMENT OF EDUCATION (DOE) - ELIGIBILITY

In April of 2010, the Accrediting Council for Independent College and Schools (ACICS) granted the Organization accredited university status. The Organization's accredited postsecondary educational institution status allows the enrolled students to be eligible for DOE financial aid including but not limited to William D. Ford Federal Direct Loan programs (FDLP) and Pell Grants. Upon receipt of student financial aid, the Organization is subject to the Single Audit guidelines pertaining to federal grants and awards. As of 9/30/10, the Organization has not received directly or indirectly any financial aid for the benefit of the student population. In November of 2010, the Organization's application for DOE financial aid was approved. It is anticipated that the student body will apply for and receive financial aid for the 2010 fall semester.

*BERGIN UNIVERSITY OF CANINE STUDIES
AKA ASSISTANCE DOG INSTITUTE
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NOTE 8 – RELATED PARTY TRANSACTIONS

The Organization has related party transactions with the Assistance Dog United Campaign (ADUC) essentially providing minor amounts of administrative assistance. ADUC provides research and program development grants to the Organization as well as vouchers to eligible candidates of assistance dogs.