

OCCUPAWS GUIDE DOG ASSOCIATION

FINANCIAL STATEMENTS

December 31, 2013 and 2012

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
OccuPaws Guide Dog Association
Madison, Wisconsin

We have audited the accompanying financial statements of OccuPaws Guide Dog Association, which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, functional expenses, and 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 OccuPaws Guide Dog Association as of December 31, 2013 and 2012, 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.

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February 28, 2014

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OCCUPAWS GUIDE DOG ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2013 and 2012

	2013	2012
ASSETS		
CURRENT ASSETS		
Cash	\$ 83,477	\$ 73,575
Certificates of deposit	17,770	17,725
Accounts receivable	170	124
Prepaid expenses	710	1,107
Total current assets	102,127	92,531
EQUIPMENT		
Vehicle	2,000	2,000
Accumulated depreciation	(1,389)	(722)
Equipment - net	611	1,278
Total assets	\$ 102,738	\$ 93,809
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued expenses	\$ -	\$ 1,205
NET ASSETS		
Unrestricted	92,867	87,604
Temporarily restricted	9,871	5,000
Total net assets	102,738	92,604
Total liabilities and net assets	\$ 102,738	\$ 93,809

See accompanying notes.

OCCUPAWS GUIDE DOG ASSOCIATION
STATEMENTS OF ACTIVITIES
Years ended December 31, 2013 and 2012

	2013	2012
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Donated services and materials	\$ 51,588	\$ 37,200
Contributions	69,845	101,028
Special events	16,803	30,243
Adoption fees	5,598	4,473
Interest	47	76
	<hr/>	<hr/>
Total unrestricted support and revenue	143,881	173,020
EXPENSES		
Program services	118,397	138,976
Management and general	6,025	6,404
Fundraising	19,196	5,231
	<hr/>	<hr/>
Total expenses	143,618	150,611
Net assets released from restrictions	<hr/> 5,000	<hr/> -
Change in unrestricted net assets	5,263	22,409
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	9,871	5,000
Net assets released from restrictions	(5,000)	-
	<hr/>	<hr/>
Change in temporarily restricted net assets	4,871	5,000
Change in net assets	10,134	27,409
Net assets - beginning of year	<hr/> 92,604	<hr/> 65,195
Net assets - end of year	<hr/> \$ 102,738 <hr/>	<hr/> \$ 92,604 <hr/>

See accompanying notes.

OCCUPAWS GUIDE DOG ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES
Years ended December 31, 2013 and 2012

	Program Services	Management and General	Fundraising	2013 Total
Personnel	\$ 18,558	\$ 379	\$ -	\$ 18,937
Office expenses	13,047	435	282	13,764
Telephone	1,685	210	210	2,105
Computer and technology	1,639	205	205	2,049
Postage	1,050	131	131	1,312
Printing	1,048	131	131	1,310
Insurance	1,179	147	147	1,473
Repairs and maintenance	12,437	908	908	14,253
Professional fees	4,302	2,100	-	6,402
Meetings and conferences	674	84	84	842
Depreciation	654	13	-	667
Travel	8,583	1,002	1,002	10,587
Miscellaneous event expense	-	-	255	255
Marketing and promotion	17,243	-	15,561	32,804
Puppies	5,025	-	-	5,025
Dog training	13,656	-	-	13,656
Veterinary	15,377	-	-	15,377
Other	2,240	280	280	2,800
Total expenses	\$ 118,397	\$ 6,025	\$ 19,196	\$ 143,618

	Program Services	Management and General	Fundraising	2012 Total
Personnel	\$ 53,762	\$ 1,097	\$ -	\$ 54,859
Office expenses	3,460	608	334	4,402
Telephone	2,343	293	293	2,929
Computer and technology	1,198	150	150	1,498
Postage	923	116	116	1,155
Printing	1,428	178	178	1,784
Insurance	1,048	131	131	1,310
Repairs and maintenance	6,974	121	121	7,216
Professional fees	-	2,624	-	2,624
Meetings and conferences	1,259	158	158	1,575
Depreciation	653	13	-	666
Travel	10,778	739	739	12,256
Miscellaneous event expense	-	-	2,416	2,416
Marketing and promotion	31,675	-	419	32,094
Puppies	3,840	-	-	3,840
Dog training	2,775	-	-	2,775
Veterinary	15,450	-	-	15,450
Other	1,410	176	176	1,762
Total expenses	\$ 138,976	\$ 6,404	\$ 5,231	\$ 150,611

See accompanying notes.

OCCUPAWS GUIDE DOG ASSOCIATION
STATEMENTS OF CASH FLOWS
Years ended December 31, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 10,134	\$ 27,409
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	667	666
(Increase) decrease in assets		
Accounts receivable	(46)	62
Prepaid expenses	397	(168)
Increase (decrease) in liabilities		
Accrued expenses	(1,205)	(11)
Net cash flows from operating activities	9,947	27,958
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned but retained in certificate of deposit	(45)	(64)
Net change in cash	9,902	27,894
Cash - beginning of year	73,575	45,681
Cash - end of year	<u>\$ 83,477</u>	<u>\$ 73,575</u>

See accompanying notes.

OCCUPAWS GUIDE DOG ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

OccuPaws Guide Dog Association is a nonprofit organization that is an innovative, creative and life-changing organization dedicated to empowering the visually impaired while raising awareness and education for both adults and children. OccuPaws' mission is to place fully trained guide dogs of excellent health and temperament with Wisconsin and contiguous state residents (adults and children) who have visual impairments at no charge. OccuPaws is funded primarily by contributions and special events. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

OccuPaws is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets - Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

Temporarily restricted net assets - Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions.

Permanently restricted net assets - Net assets that have been restricted by donors to be maintained by OccuPaws in perpetuity.

Accounts Receivable

OccuPaws considers all receivables to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Equipment

Acquisitions of equipment are capitalized at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

Contributions

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

OCCUPAWS GUIDE DOG ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by OccuPaws. Volunteers also provide various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria are not met.

Income Tax Status

OccuPaws is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. OccuPaws' federal exempt organization returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed. With few exceptions, OccuPaws is no longer subject to such examinations for tax years before 2010.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Date of Management's Review

Management has evaluated subsequent events through February 28, 2014, the date which the financial statements were available to be issued.

NOTE 2 – DONATED SERVICES AND MATERIALS

The value of donated services and materials included as contributions in the financial statements and the corresponding programs and activities for which the contributed services and materials were used are as follows for 2013:

	Program Services	Management and General	Fundraising	Total
Advertising	\$ 15,000	\$ -	\$ 15,000	\$ 30,000
Veterinary services	7,010	-	-	7,010
Veterinary supplies	4,558	-	-	4,558
Food	10,020	-	-	10,020
Total	\$ 36,588	\$ -	\$ 15,000	\$ 51,588

OCCUPAWS GUIDE DOG ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 2 – DONATED SERVICES AND MATERIALS (continued)

The value of donated services and materials included as contributions in the financial statements and the corresponding programs and activities for which the contributed services and materials were used are as follows for 2012:

	Program Services	Management and General	Fundraising	Total
Advertising	\$ 15,000	\$ -	\$ 15,000	\$ 30,000
Veterinary services	1,200	-	-	1,200
Veterinary supplies	6,000	-	-	6,000
Total	\$ 22,200	\$ -	\$ 15,000	\$ 37,200

NOTE 3 – DONATED FACILITIES

OccuPaws's administrative duties are performed by the board members at their homes. Guide dogs are trained by volunteers at the homes of both the volunteers and the guide dog recipients. The fair values of these donated facilities are undeterminable.

NOTE 4 – RELATED PARTY TRANSACTIONS

OccuPaws purchased a puppy from a board member for \$1,000 during 2012.

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2013 and 2012 are available for the following purposes:

	2013	2012
Veteran Placement	\$ -	\$ 5,000
Milwaukee Area Placement	4,000	-
Eau Claire Area Placement	1,000	-
PawsForward	4,871	-
	\$ 9,871	\$ 5,000

NOTE 6 – JOINT COSTS

Certain costs and professional fees to publicize OccuPaws' mission and programs have been allocated between the public awareness program and fundraising expenses. Total joint costs for the years ending December 31, 2013 and 2012 were \$30,000 which was allocated \$15,000 to program expenses and \$15,000 to fundraising expenses.