

OCCUPAWS GUIDE DOG ASSOCIATION

FINANCIAL STATEMENTS

December 31, 2012 and 2011

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Wegner CPAs

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, 2012 and 2011, 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, 2012 and 2011, 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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March 8, 2013

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OCCUPAWS GUIDE DOG ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 73,575	\$ 45,681
Certificates of deposit	17,725	17,661
Accounts receivable	124	186
Prepaid expenses	<u>1,107</u>	<u>939</u>
Total current assets	92,531	64,467
EQUIPMENT		
Vehicle	2,000	2,000
Accumulated depreciation	<u>(722)</u>	<u>(56)</u>
Equipment - net	<u>1,278</u>	<u>1,944</u>
Total assets	<u><u>\$ 93,809</u></u>	<u><u>\$ 66,411</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued expenses	\$ 1,205	\$ 1,216
NET ASSETS		
Unrestricted	87,604	65,195
Temporarily restricted	<u>5,000</u>	<u>-</u>
Total net assets	<u>92,604</u>	<u>65,195</u>
Total liabilities and net assets	<u><u>\$ 93,809</u></u>	<u><u>\$ 66,411</u></u>

See accompanying notes.

OCCUPAWS GUIDE DOG ASSOCIATION
STATEMENTS OF ACTIVITIES
Years ended December 31, 2012 and 2011

	2012	2011
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Donated services and materials	\$ 37,200	\$ 61,489
Contributions	110,819	80,415
Special events	20,452	25,999
Adoption fees	4,473	3,462
Interest	76	179
Total unrestricted support and revenue	173,020	171,544
EXPENSES		
Program services	138,976	103,312
Management and general	6,404	23,783
Fundraising	5,231	35,529
Total expenses	150,611	162,624
Net assets released from restrictions	-	18,149
Change in unrestricted net assets	22,409	27,069
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	5,000	-
Net assets released from restrictions	-	(18,149)
Change in temporarily restricted net assets	5,000	(18,149)
Change in net assets	27,409	8,920
Net assets - beginning of year	65,195	56,275
Net assets - end of year	\$ 92,604	\$ 65,195

See accompanying notes.

OCCUPAWS GUIDE DOG ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES
Years ended December 31, 2012 and 2011

	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
Special events	-	-	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

	Program Services	Management and General	Fundraising	2011 Total
Personnel	\$ 47,432	\$ 968	\$ -	\$ 48,400
Office expenses	2,641	409	238	3,288
Telephone	1,836	229	229	2,294
Computer and technology	1,264	158	158	1,580
Postage	1,032	129	129	1,290
Printing	1,292	161	161	1,614
Insurance	810	101	101	1,012
Repairs and maintenance	4,370	5	5	4,380
Professional fees	380	20,438	-	20,818
Meetings and conferences	1,849	231	231	2,311
Depreciation	55	1	-	56
Travel	9,497	731	731	10,959
Special events	600	75	17,726	18,401
Marketing and promotion	17,691	-	15,673	33,364
Dog training	445	-	-	445
Veterinary	10,940	-	-	10,940
Other	1,178	147	147	1,472
Total expenses	\$ 103,312	\$ 23,783	\$ 35,529	\$ 162,624

See accompanying notes.

OCCUPAWS GUIDE DOG ASSOCIATION
STATEMENTS OF CASH FLOWS
Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 27,409	\$ 8,920
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	666	56
(Increase) decrease in assets		
Accounts receivable	62	(39)
Prepaid expenses	(168)	(475)
Increase (decrease) in liabilities		
Accrued expenses	(11)	71
Net cash flows from operating activities	<u>27,958</u>	<u>8,533</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	-	(2,000)
Purchases of certificates of deposit	-	(7,000)
Interest earned but retained in certificate of deposit	(64)	(133)
Net cash flows from investing activities	<u>(64)</u>	<u>(9,133)</u>
Net change in cash	27,894	(600)
Cash - beginning of year	<u>45,681</u>	<u>46,281</u>
Cash - end of year	<u>\$ 73,575</u>	<u>\$ 45,681</u>

See accompanying notes.

OCCUPAWS GUIDE DOG ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

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, 2012 and 2011

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 2009.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 March 8, 2013, 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 2012:

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

OCCUPAWS GUIDE DOG ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 2 – DONATED SERVICES AND MATERIALS (contintued)

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 2011:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ 15,000	\$ -	\$ 15,000	\$ 30,000
Accounting services	-	1,200	-	1,200
Legal services	-	19,238	-	19,238
Veterinary services	3,291	-	-	3,291
Dog-related equipment	320	-	-	320
Food	600	75	75	750
Raffle items	-	-	6,690	6,690
Total	<u>\$ 19,211</u>	<u>\$ 20,513</u>	<u>\$ 21,765</u>	<u>\$ 61,489</u>

NOTE 3 – DONATED FACILITIES

The Association'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

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