

OCCUPAWS GUIDE DOG ASSOCIATION

FINANCIAL STATEMENTS

December 31, 2015 and 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
OccuPaws Guide Dog Association
Cross Plains, Wisconsin

We have audited the accompanying financial statements of OccuPaws Guide Dog Association, which comprise the statements of financial position as of December 31, 2015 and 2014, 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, 2015 and 2014, 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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OCCUPAWS GUIDE DOG ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 144,980	\$ 110,949
Certificate of deposit	17,841	17,806
Promises to give	5,200	-
Prepaid expenses	<u>383</u>	<u>497</u>
Total current assets	168,404	129,252
Investments	7,928	-
EQUIPMENT		
Vehicle	-	2,000
Accumulated depreciation	<u>-</u>	<u>(2,000)</u>
Equipment - net	<u>-</u>	<u>-</u>
Total assets	<u>\$ 176,332</u>	<u>\$ 129,252</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES	\$ -	\$ -
NET ASSETS		
Unrestricted	174,332	125,220
Temporarily restricted	<u>2,000</u>	<u>4,032</u>
Total net assets	<u>176,332</u>	<u>129,252</u>
Total liabilities and net assets	<u>\$ 176,332</u>	<u>\$ 129,252</u>

See accompanying notes.

OCCUPAWS GUIDE DOG ASSOCIATION
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2015 and 2014

	2015	2014
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Contributions	\$ 112,183	\$ 121,369
Donated services and materials	43,552	51,572
Special events	30,391	24,969
Adoption fees	12,300	4,150
Investment return	(18)	36
	<u>198,408</u>	<u>202,096</u>
EXPENSES		
Program services	128,745	151,461
Management and general	6,155	6,433
Fundraising	18,428	17,720
	<u>153,328</u>	<u>175,614</u>
Net assets released from restrictions	<u>4,032</u>	<u>5,871</u>
Change in unrestricted net assets	49,112	32,353
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	2,000	32
Net assets released from restrictions	(4,032)	(5,871)
	<u>(2,032)</u>	<u>(5,839)</u>
Change in temporarily restricted net assets	(2,032)	(5,839)
Change in net assets	47,080	26,514
Net assets - beginning of year	<u>129,252</u>	<u>102,738</u>
Net assets - end of year	<u><u>\$ 176,332</u></u>	<u><u>\$ 129,252</u></u>

See accompanying notes.

OCCUPAWS GUIDE DOG ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2015 and 2014

	Program Services	Management and General	Fundraising	2015 Total
Office expenses	\$ 19,706	\$ 703	\$ 313	\$ 20,722
Telephone	1,783	223	223	2,229
Computer and technology	2,590	324	323	3,237
Postage	1,199	150	150	1,499
Printing	934	117	117	1,168
Insurance	1,465	183	183	1,831
Repairs and maintenance	9,506	-	-	9,506
Professional fees	2,696	2,369	-	5,065
Meetings and conferences	188	23	23	234
Travel	18,183	1,804	1,804	21,791
Miscellaneous event expense	-	-	2,877	2,877
Marketing and promotion	12,622	-	12,156	24,778
Puppies	8,322	-	-	8,322
Dog training	28,818	-	-	28,818
Veterinary	18,659	-	-	18,659
Other	2,074	259	259	2,592
Total expenses	\$ 128,745	\$ 6,155	\$ 18,428	\$ 153,328

	Program Services	Management and General	Fundraising	2014 Total
Office expenses	\$ 26,883	\$ 1,413	\$ 524	\$ 28,820
Telephone	1,594	199	199	1,992
Computer and technology	2,562	320	320	3,202
Postage	1,094	137	136	1,367
Printing	1,638	205	205	2,048
Insurance	1,782	223	223	2,228
Repairs and maintenance	9,232	105	104	9,441
Professional fees	3,642	2,213	-	5,855
Meetings and conferences	24	3	3	30
Depreciation	599	12	-	611
Travel	21,262	1,305	792	23,359
Miscellaneous event expense	-	-	2,205	2,205
Marketing and promotion	14,842	-	12,710	27,552
Puppies	9,504	-	-	9,504
Dog training	38,650	-	-	38,650
Veterinary	15,766	-	-	15,766
Other	2,387	298	299	2,984
Total expenses	\$ 151,461	\$ 6,433	\$ 17,720	\$ 175,614

See accompanying notes.

OCCUPAWS GUIDE DOG ASSOCIATION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 47,080	\$ 26,514
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Gain on sale of vehicle	(1,100)	-
Depreciation	-	611
Unrealized loss	453	-
(Increase) decrease in assets		
Promises to give	(5,200)	170
Prepaid expenses	114	213
Net cash flows from operating activities	41,347	27,508
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of vehicle	1,100	-
Purchases of investments	(8,000)	-
Dividends retained in investements	(381)	-
Interest retained in certificate of deposit	(35)	(36)
Net cash flows from investing activities	(7,316)	(36)
Net change in cash	34,031	27,472
Cash - beginning of year	110,949	83,477
Cash - end of year	\$ 144,980	\$ 110,949

See accompanying notes.

OCCUPAWS GUIDE DOG ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

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.

Income Tax Status

OccuPaws is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Promises to Give

Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Uncollectible promises are written off after management has used reasonable collection efforts and determine the promises will not be collected. All promises to give are receivable within one year.

Equipment

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

Investments

OccuPaws carries investments in marketable equity securities with readily determinable fair values at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

OCCUPAWS GUIDE DOG ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Date of Management’s Review

Management has evaluated subsequent events through January 29, 2016, the date which the financial statements were available to be issued.

NOTE 2 – INVESTMENTS

Investments at December 31, 2015 consists of a mutual fund.

Investment return for the year ending December 31, 2015 consisted of the following:

Interest and dividends	\$ 435
Unrealized loss	<u>(453)</u>
Investments	<u><u>\$ (18)</u></u>

Prices for the mutual fund are available in active markets for identical assets and, as such, are considered to have a Level 1 fair value measurement.

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NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2015 and 2014 are available for the following purposes:

	2015	2014
Milwaukee Area Placement	\$ 1,000	\$ 4,000
Eau Claire Area Placement	1,000	-
PawsForward	-	32
Temporarily restricted net assets	\$ 2,000	\$ 4,032

NOTE 4 – DONATED FACILITIES, SERVICES, AND MATERIALS

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.

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 2015 and 2014:

	Program Services	Management and General	Fundraising	Total
Advertising	\$ 12,000	\$ -	\$ 12,000	\$ 24,000
Veterinary services	2,696	-	-	2,696
Food	16,856	-	-	16,856
2015 total	\$ 31,552	\$ -	\$ 12,000	\$ 43,552
Advertising	\$ 12,000	\$ -	\$ 12,000	\$ 24,000
Veterinary services	3,642	-	-	3,642
Donated puppies	2,250	-	-	2,250
Food	21,680	-	-	21,680
2014 total	\$ 39,572	\$ -	\$ 12,000	\$ 51,572

Certain costs and professional fees donated to publicize OccuPaws' mission and programs have been allocated between the public awareness program and fundraising expenses. Total joint costs for 2015 and 2014 were \$24,000 which were allocated \$12,000 to program services and \$12,000 to fundraising each year.

NOTE 5 – RELATED PARTY TRANSACTIONS

OccuPaws purchased puppies and veterinary supplies from a board member for \$2,578 and \$11,450 during 2015 and 2014.