

OCCUPAWS GUIDE DOG ASSOCIATION

FINANCIAL STATEMENTS

December 31, 2016 and 2015

CONTENTS

Independent Auditor's Report	1
Statements of Financial Position.....	2
Statements of Activities.....	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6



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, 2016 and 2015, 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, 2016 and 2015, 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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 146,725	\$ 144,980
Certificate of deposit	17,877	17,841
Promises to give	-	5,200
Prepaid expenses	<u>1,240</u>	<u>383</u>
Total current assets	165,842	168,404
Investments	<u>23,498</u>	<u>7,928</u>
Total assets	<u><u>\$ 189,340</u></u>	<u><u>\$ 176,332</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 2,187	\$ -
NET ASSETS		
Unrestricted	181,223	174,332
Temporarily restricted	<u>5,930</u>	<u>2,000</u>
Total net assets	<u>187,153</u>	<u>176,332</u>
Total liabilities and net assets	<u><u>\$ 189,340</u></u>	<u><u>\$ 176,332</u></u>

See accompanying notes.

OCCUPAWS GUIDE DOG ASSOCIATION
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2016 and 2015

	2016	2015
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Contributions	\$ 96,269	\$ 112,183
Donated services and materials	38,188	43,552
Special events	31,416	30,391
Adoption fees	19,225	12,300
Investment return	1,606	(18)
Total unrestricted support and revenue	186,704	198,408
EXPENSES		
Program services	154,186	128,745
Management and general	8,282	6,155
Fundraising	18,345	18,428
Total expenses	180,813	153,328
Net assets released from restrictions	1,000	4,032
Change in unrestricted net assets	6,891	49,112
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	4,930	2,000
Net assets released from restrictions	(1,000)	(4,032)
Change in temporarily restricted net assets	3,930	(2,032)
Change in net assets	10,821	47,080
Net assets - beginning of year	176,332	129,252
Net assets - end of year	\$ 187,153	\$ 176,332

See accompanying notes.

OCCUPAWS GUIDE DOG ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2016 and 2015

	Program Services	Management and General	Fundraising	2016 Total
Office expenses	\$ 1,926	\$ 505	\$ 240	\$ 2,671
Telephone	1,876	235	234	2,345
Computer and technology	3,646	456	456	4,558
Postage	967	121	121	1,209
Printing	837	105	104	1,046
Insurance	1,386	173	173	1,732
Repairs and maintenance	10,311	-	-	10,311
Professional fees	-	3,370	-	3,370
Meetings and conferences	310	39	39	388
Travel	25,546	3,102	3,101	31,749
Miscellaneous event expense	-	-	1,672	1,672
Marketing and promotion	12,115	-	12,029	24,144
Puppies	14,334	-	-	14,334
Dog training	38,563	-	-	38,563
Veterinary	24,543	-	-	24,543
Dog food expense	16,415	-	-	16,415
Other	1,411	176	176	1,763
Total expenses	\$ 154,186	\$ 8,282	\$ 18,345	\$ 180,813

	Program Services	Management and General	Fundraising	2015 Total
Office expenses	\$ 2,733	\$ 703	\$ 313	\$ 3,749
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	-	2,369	-	2,369
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	21,355	-	-	21,355
Dog food expense	16,973	-	-	16,973
Other	2,074	259	259	2,592
Total expenses	\$ 128,745	\$ 6,155	\$ 18,428	\$ 153,328

See accompanying notes.

OCCUPAWS GUIDE DOG ASSOCIATION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 10,821	\$ 47,080
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Gain on sale of vehicle	-	(1,100)
Realized and unrealized (gain) loss	(1,130)	453
(Increase) decrease in assets		
Promises to give	5,200	(5,200)
Prepaid expenses	(857)	114
Increase (decrease) in liabilities		
Accounts payable	2,187	-
Net cash flows from operating activities	16,221	41,347
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of vehicle	-	1,100
Purchases of investments	(14,000)	(8,000)
Dividends retained in investments	(440)	(381)
Interest retained in certificate of deposit	(36)	(35)
Net cash flows from investing activities	(14,476)	(7,316)
Net change in cash	1,745	34,031
Cash - beginning of year	144,980	110,949
Cash - end of year	\$ 146,725	\$ 144,980

See accompanying notes.

OCCUPAWS GUIDE DOG ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

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.

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.

Reclassifications

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

OCCUPAWS GUIDE DOG ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

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 20, 2017, the date which the financial statements were available to be issued.

NOTE 2 – INVESTMENTS

Investments at December 31, 2016 consisted of a mutual fund.

Investment return for 2016 and 2015 consisted of the following:

	2016	2015
Interest and dividends	\$ 476	\$ 435
Realized and unrealized gain (loss)	1,130	(453)
Investment return	\$ 1,606	\$ (18)

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.

OCCUPAWS GUIDE DOG ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2016 and 2015 are available for the following purposes:

	<u>2016</u>	<u>2015</u>
Milwaukee area placement	\$ -	\$ 1,000
Eau Claire area placement	1,000	1,000
Orientation and mobility training	2,024	-
PawsForward	<u>2,906</u>	<u>-</u>
Temporarily restricted net assets	<u>\$ 5,930</u>	<u>\$ 2,000</u>

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 for 2016 and 2015 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:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ 12,000	\$ -	\$ 12,000	\$ 24,000
Veterinary services	1,624	-	-	1,624
Food	<u>12,564</u>	<u>-</u>	<u>-</u>	<u>12,564</u>
2016 total	<u>\$ 26,188</u>	<u>\$ -</u>	<u>\$ 12,000</u>	<u>\$ 38,188</u>
Advertising	\$ 12,000	\$ -	\$ 12,000	\$ 24,000
Veterinary services	2,696	-	-	2,696
Food	<u>16,856</u>	<u>-</u>	<u>-</u>	<u>16,856</u>
2015 total	<u>\$ 31,552</u>	<u>\$ -</u>	<u>\$ 12,000</u>	<u>\$ 43,552</u>

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 2016 and 2015 were \$24,000 which were allocated \$12,000 to program services and \$12,000 to fundraising.

NOTE 5 – RELATED PARTY TRANSACTIONS

During 2015, OccuPaws purchased puppies and veterinary supplies from a board member for \$2,578. OccuPaws had no related party transactions during 2016.