

**OCCUPAWS GUIDE DOG ASSOCIATION**

FINANCIAL STATEMENTS

December 31, 2017 and 2016

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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, 2017 and 2016, 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, 2017 and 2016, 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.

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Madison, Wisconsin  
January 26, 2018

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**OCCUPAWS GUIDE DOG ASSOCIATION**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 146,632	\$ 146,725
Certificate of deposit	17,905	17,877
Prepaid expenses	<u>1,473</u>	<u>1,240</u>
Total current assets	166,010	165,842
Investments	<u>27,805</u>	<u>23,498</u>
<b>Total assets</b>	<u><u>\$ 193,815</u></u>	<u><u>\$ 189,340</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 3,511	\$ 2,187
<b>NET ASSETS</b>		
Unrestricted	181,171	181,223
Temporarily restricted	<u>9,133</u>	<u>5,930</u>
Total net assets	<u>190,304</u>	<u>187,153</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 193,815</u></u>	<u><u>\$ 189,340</u></u>

See accompanying notes.

**OCCUPAWS GUIDE DOG ASSOCIATION**  
**STATEMENTS OF ACTIVITIES**  
Years Ended December 31, 2017 and 2016

	2017	2016
<b>UNRESTRICTED NET ASSETS</b>		
<b>SUPPORT AND REVENUE</b>		
Contributions	\$ 116,789	\$ 96,269
Donated services and materials	28,957	38,188
Special events	38,100	31,416
Adoption fees	18,800	19,225
Investment return	4,335	1,606
Total unrestricted support and revenue	206,981	186,704
<b>EXPENSES</b>		
Program services	189,196	154,186
Management and general	9,001	8,282
Fundraising	14,717	18,345
Total expenses	212,914	180,813
Net assets released from restrictions	5,881	1,000
<b>Change in unrestricted net assets</b>	(52)	6,891
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	9,084	4,930
Net assets released from restrictions	(5,881)	(1,000)
<b>Change in temporarily restricted net assets</b>	3,203	3,930
Change in net assets	3,151	10,821
Net assets - beginning of year	187,153	176,332
<b>Net assets - end of year</b>	<b>\$ 190,304</b>	<b>\$ 187,153</b>

See accompanying notes.

**OCCUPAWS GUIDE DOG ASSOCIATION**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
Years Ended December 31, 2017 and 2016

	Program Services	Management and General	Fundraising	2017 Total
Office expenses	\$ 2,808	\$ 745	\$ 351	\$ 3,904
Telephone	2,255	282	282	2,819
Computer and technology	3,840	480	480	4,800
Postage	1,377	172	172	1,721
Printing	922	115	116	1,153
Insurance	1,438	180	180	1,798
Repairs and maintenance	15,666	-	-	15,666
Professional fees	-	3,500	-	3,500
Meetings and conferences	81	10	10	101
Travel	28,533	3,287	3,287	35,107
Miscellaneous event expense	-	-	3,423	3,423
Marketing and promotion	6,745	-	6,186	12,931
Puppies	24,158	-	-	24,158
Dog training	47,557	-	-	47,557
Veterinary	38,966	-	-	38,966
Dog food expense	13,009	-	-	13,009
Other	1,841	230	230	2,301
<b>Total expenses</b>	<b>\$ 189,196</b>	<b>\$ 9,001</b>	<b>\$ 14,717</b>	<b>\$ 212,914</b>

  

	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
<b>Total expenses</b>	<b>\$ 154,186</b>	<b>\$ 8,282</b>	<b>\$ 18,345</b>	<b>\$ 180,813</b>

See accompanying notes.

**OCCUPAWS GUIDE DOG ASSOCIATION**  
**STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2017 and 2016

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 3,151	\$ 10,821
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Realized and unrealized gains (Increase) decrease in assets	(3,814)	(1,130)
Promises to give	-	5,200
Prepaid expenses	(233)	(857)
Increase in liabilities		
Accounts payable	1,324	2,187
<b>Net cash flows from operating activities</b>	<b>428</b>	<b>16,221</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	-	(14,000)
Dividends retained in investments	(493)	(440)
Interest retained in certificate of deposit	(28)	(36)
<b>Net cash flows from investing activities</b>	<b>(521)</b>	<b>(14,476)</b>
Net change in cash	(93)	1,745
Cash - beginning of year	146,725	144,980
<b>Cash - end of year</b>	<b>\$ 146,632</b>	<b>\$ 146,725</b>

See accompanying notes.

**OCCUPAWS GUIDE DOG ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017 and 2016

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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.

**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.

**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**  
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**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.

**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 26, 2018, the date which the financial statements were available to be issued.

**NOTE 2 – INVESTMENTS**

Investments at December 31, 2017 consisted of a mutual fund.

Investment return for 2017 and 2016 consisted of the following:

	2017	2016
Interest and dividends	\$ 521	\$ 476
Realized and unrealized gains	3,814	1,130
Investment return	\$ 4,335	\$ 1,606

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.

**NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at December 31, 2017 and 2016 are available for the following purposes:

	2017	2016
Expansion and upgrade of puppy kennel	\$ 2,084	\$ -
Wausau/Marathon County area services	5,000	-
Eau Claire area placement	-	1,000
Orientation and mobility training	-	2,024
PawsForward	2,049	2,906
Temporarily restricted net assets	\$ 9,133	\$ 5,930

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**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 2017 and 2016 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:

	Program Services	Management and General	Fundraising	Total
Advertising	\$ 6,000	\$ -	\$ 6,000	\$ 12,000
Veterinary services	2,772	-	-	2,772
Food and supplies	14,185	-	-	14,185
2017 total	<u>\$ 22,957</u>	<u>\$ -</u>	<u>\$ 6,000</u>	<u>\$ 28,957</u>
Advertising	\$ 12,000	\$ -	\$ 12,000	\$ 24,000
Veterinary services	1,624	-	-	1,624
Food	12,564	-	-	12,564
2016 total	<u>\$ 26,188</u>	<u>\$ -</u>	<u>\$ 12,000</u>	<u>\$ 38,188</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 2017 and 2016 were \$12,000 and \$24,000 which were allocated 50% to program services and 50% to fundraising.