

**OCCUPAWS GUIDE DOG ASSOCIATION**

FINANCIAL STATEMENTS

December 31, 2018 and 2017

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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, 2018 and 2017, 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, 2018 and 2017, 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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***Adoption of New Accounting Pronouncement***

As discussed in Note 1 to the financial statements, OccuPaws Guide Dog Association adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended December 31, 2018. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Madison, Wisconsin  
May 9, 2019

**OCCUPAWS GUIDE DOG ASSOCIATION**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2018 and 2017

	2018	2017
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 226,070	\$ 146,632
Certificate of deposit	17,940	17,905
Unconditional promise to give	50,000	-
Prepaid expenses	1,399	1,473
Total current assets	295,409	166,010
Investments, net	315,422	27,805
Equipment (less accumulated depreciation of \$293)	8,504	-
<b>Total assets</b>	<b>\$ 619,335</b>	<b>\$ 193,815</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 254	\$ 3,511
<b>NET ASSETS</b>		
Without donor restrictions	569,081	181,171
With donor restrictions	50,000	9,133
Total net assets	619,081	190,304
<b>Total liabilities and net assets</b>	<b>\$ 619,335</b>	<b>\$ 193,815</b>

See accompanying notes.

**OCCUPAWS GUIDE DOG ASSOCIATION**  
**STATEMENTS OF ACTIVITIES**  
Years Ended December 31, 2018 and 2017

	2018	2017
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>REVENUE</b>		
Contributions	\$ 565,653	\$ 116,789
Donated services and materials	24,742	28,957
Special events	28,113	38,100
Adoption fees	19,800	18,800
Investment return, net	(12,349)	4,335
<b>Total revenue without donor restrictions</b>	<b>625,959</b>	<b>206,981</b>
<b>EXPENSES</b>		
Program services	220,511	189,196
Management and general	9,773	9,001
Fundraising	16,898	14,717
<b>Total expenses</b>	<b>247,182</b>	<b>212,914</b>
Net assets released from restrictions	9,133	5,881
<b>Change in net assets without donor restrictions</b>	<b>387,910</b>	<b>(52)</b>
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	50,000	9,084
Net assets released from restrictions	(9,133)	(5,881)
<b>Change in net assets with donor restrictions</b>	<b>40,867</b>	<b>3,203</b>
Change in net assets	428,777	3,151
Net assets at beginning of year	190,304	187,153
<b>Net assets at end of year</b>	<b>\$ 619,081</b>	<b>\$ 190,304</b>

See accompanying notes.

**OCCUPAWS GUIDE DOG ASSOCIATION**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
Years Ended December 31, 2018 and 2017

2018				
	Program Services	Management and General	Fundraising	Total Expenses
Office expenses	\$ 2,484	\$ 733	\$ 3,213	\$ 6,430
Telephone	2,490	312	311	3,113
Computer and technology	4,052	506	507	5,065
Postage	1,025	128	128	1,281
Printing	638	80	80	798
Insurance	1,486	186	186	1,858
Repairs and maintenance	17,263	-	-	17,263
Professional fees	3,600	3,700	2,000	9,300
Meetings and conferences	600	75	1,888	2,563
Depreciation	287	6	-	293
Travel	28,493	3,611	3,944	36,048
Facilities	-	-	3,500	3,500
Marketing and promotion	2,819	-	705	3,524
Puppies	28,991	-	-	28,991
Dog training	50,680	-	-	50,680
Veterinary	51,081	-	-	51,081
Dog food expense	21,036	-	-	21,036
Miscellaneous	3,486	436	436	4,358
<b>Total expenses</b>	<b>\$ 220,511</b>	<b>\$ 9,773</b>	<b>\$ 16,898</b>	<b>\$ 247,182</b>
2017				
	Program Services	Management and General	Fundraising	Total Expenses
Office expenses	\$ 2,808	\$ 745	\$ 1,264	\$ 4,817
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	2,190	2,281
Travel	28,533	3,287	3,537	35,357
Facilities	-	-	80	80
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
Miscellaneous	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>

See accompanying notes.

**OCCUPAWS GUIDE DOG ASSOCIATION**  
**STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2018 and 2017

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 428,777	\$ 3,151
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	293	-
Realized and unrealized (gains) losses on investments	17,624	(3,814)
(Increase) decrease in assets		
Promises to give	(50,000)	-
Prepaid expenses	74	(233)
Increase (decrease) in liabilities		
Accounts payable	(3,257)	1,324
<b>Net cash flows from operating activities</b>	<b>393,511</b>	<b>428</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of equipment	(8,797)	-
Purchases of investments	(300,000)	-
Dividends retained in investments	(5,241)	(493)
Interest retained in certificate of deposit	(35)	(28)
<b>Net cash flows from investing activities</b>	<b>(314,073)</b>	<b>(521)</b>
Net change in cash	79,438	(93)
Cash at beginning of year	146,632	146,725
<b>Cash at end of year</b>	<b>\$ 226,070</b>	<b>\$ 146,632</b>

See accompanying notes.



**OCCUPAWS GUIDE DOG ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2018 and 2017

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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**

**Adoption of New Accounting Pronouncement**

OccuPaws adopted the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended December 31, 2018. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The changes required by the update have been applied retrospectively to all periods presented. A key change required by the update are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

**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 revenues 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. At December 31, 2018, all unconditional promises to give are receivable in less than 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.

**Equipment**

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

**OCCUPAWS GUIDE DOG ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2018 and 2017

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Contributions**

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions 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 net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions 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.

**Expense Allocation**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include office supplies, telephone, computer and technology, postage, printing, insurance, meetings and conferences, depreciation, travel, and miscellaneous expenses which are allocated on the basis of time and effort.

The following program services and supporting activities are included in the accompanying financial statements:

*Program services*—Acquires, raises, trains, and places guide dogs with visually impaired adults in Wisconsin and contiguous state residents. OccuPaws also educated other organizations and the public about visual impairments and guide dogs.

*Management and general*—Includes the functions necessary ensure an adequate environment for volunteers and guide dogs; provide coordination and articulation of OccuPaws' program strategy; secure proper administrative functioning of the board of directors; maintain; and manage the financial and budgetary responsibilities of the OccuPaws.

*Fundraising*—Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations.

**OCCUPAWS GUIDE DOG ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2018 and 2017

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**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 May 9, 2019, the date which the financial statements were available to be issued.

NOTE 2 – INVESTMENTS

Investments are comprised of mutual funds of \$315,422 and 27,806 at December 31, 2018 and 2017, respectively.

NOTE 3—FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis are as follows:

Assets at Fair Value as of December 31, 2018				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	<u>\$ 315,422</u>	<u>\$ 315,422</u>	<u>\$ -</u>	<u>\$ -</u>
Assets at Fair Value as of December 31, 2017				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	<u>\$ 27,805</u>	<u>\$ 27,805</u>	<u>\$ -</u>	<u>\$ -</u>

Fair values for mutual funds are determined by reference to quoted market prices and other relevant information generated by market transactions. When quoted prices are not available, fair value is estimated using recently executed transactions.

**OCCUPAWS GUIDE DOG ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2018 and 2017

**NOTE 4 – DONATED FACILITIES, SERVICES, AND MATERIALS**

OccuPaws' 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.

Certain costs and professional fees donated to publicize OccuPaws' mission and programs have been allocated between the public awareness program and fundraising expenses. There were no joint costs for the year ended December 31, 2018. Total joint costs for 2017 were \$12,000 which were allocated 50% to program services and 50% to fundraising.

The fair value of donated facilities, services, and materials included as contributions in the financial statements and the corresponding expenses are as follows:

	2018			
	Program Services	Management and General	Fundraising	Total
Veterinary services	\$ 3,172	\$ -	\$ -	\$ 3,172
Veterinary supplies	3,600	-	-	3,600
Food and supplies	12,470	-	-	12,470
Facilities	-	-	3,500	3,500
Entertainment	-	-	2,000	2,000
	\$ 19,242	\$ -	\$ 5,500	\$ 24,742
	2017			
Marketing and promotion	\$ 6,000	\$ -	\$ 6,000	\$ 12,000
Veterinary services	2,772	-	-	2,772
Dog food expense	14,185	-	-	14,185
	\$ 22,957	\$ -	\$ 6,000	\$ 28,957

**NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes:

	2018	2017
Promise to give with payments in future periods	\$ 50,000	\$ -
Expansion and upgrade of puppy kennel	-	2,084
Wausau/Marathon County area services	-	5,000
PawsForward	-	2,049
	\$ 50,000	\$ 9,133

**OCCUPAWS GUIDE DOG ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2018 and 2017

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**NOTE 6 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects OccuPaws’ financial assets as of December 31, 2018, reduced by amounts not available for general use within one year because of donor-imposed or other restrictions within one year of date of the statement of financial position:

Cash	\$ 226,070
Certificate of deposit	17,940
Unconditional promises to give	50,000
Investments	<u>315,422</u>
 Financial assets, at year-end	 609,432
Less those unavailable for general expenditures within one year, due to:	
Investments with liquidity horizons greater than one year	<u>(17,940)</u>
Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 591,492</u>

OccuPaws is substantially supported by contributions. As part of OccuPaws’ liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. All investments can be liquidated immediately to meet any needs. OccuPaws also invests cash in excess of daily requirements in various investments, including certificate of deposits and mutual funds.