

OCCUPAWS GUIDE DOG ASSOCIATION

FINANCIAL STATEMENTS

December 31, 2019 and 2018

CONTENTS

Independent Auditor's Report	1
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7

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, 2019 and 2018, 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.

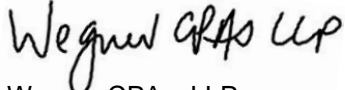
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2019 and 2018, 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.

Adoption of New Accounting Guidance

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. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and all subsequently issued clarifying ASUs and ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as of January 1, 2019. Our opinion is not modified with respect to this matter.



Wegner CPAs, LLP
Madison, Wisconsin
September 25, 2020

OCCUPAWS GUIDE DOG ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	\$ 177,750	\$ 226,070
Certificate of deposit	18,243	17,940
Unconditional promise to give	-	50,000
Prepaid expenses	2,479	1,399
Total current assets	198,472	295,409
Investments	427,170	315,422
Equipment (less accumulated depreciation of \$1,251 and \$293, respectively)	8,327	8,504
Total assets	\$ 633,969	\$ 619,335
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ -	\$ 254
NET ASSETS		
Without donor restrictions	626,969	569,081
With donor restrictions	7,000	50,000
Total net assets	633,969	619,081
Total liabilities and net assets	\$ 633,969	\$ 619,335

See accompanying notes.

OCCUPAWS GUIDE DOG ASSOCIATION
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2019 and 2018

	2019	2018
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Contributions	\$ 158,636	\$ 565,653
Donated services and materials	25,646	24,742
Special events	36,077	28,113
Adoption fees	28,440	19,800
Investment return, net	77,051	(12,349)
Total support and revenue without donor restrictions	325,850	625,959
EXPENSES		
Program services	289,627	220,511
Supporting activities		
Management and general	14,251	9,773
Fundraising	14,084	16,898
Total expenses	317,962	247,182
Net assets released from restrictions	50,000	9,133
Change in net assets without donor restrictions	57,888	387,910
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	7,000	50,000
Net assets released from restrictions	(50,000)	(9,133)
Change in net assets with donor restrictions	(43,000)	40,867
Change in net assets	14,888	428,777
Net assets at beginning of year	619,081	190,304
Net assets at end of year	\$ 633,969	\$ 619,081

See accompanying notes.

OCCUPAWS GUIDE DOG ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2019 and 2018

	2019			
	Program Services	Management and General	Fundraising	Total Expenses
Office expenses	\$ 3,197	\$ 831	\$ 400	\$ 4,428
Telephone	2,464	308	308	3,080
Computer and technology	5,158	645	645	6,448
Postage	1,054	132	132	1,318
Printing	732	92	92	916
Insurance	1,328	166	166	1,660
Repairs and maintenance	32,668	-	-	32,668
Professional fees	4,870	4,953	2,453	12,276
Meetings and conferences	261	33	33	327
Depreciation	939	19	-	958
Travel	46,837	5,679	5,679	58,195
Facilities	8,680	1,085	3,085	12,850
Marketing and promotion	3,132	-	783	3,915
Puppies	8,538	-	-	8,538
Dog training	60,838	-	-	60,838
Veterinary	76,658	-	-	76,658
Dog food expense	29,814	-	-	29,814
Miscellaneous	2,459	308	308	3,075
Total expenses	\$ 289,627	\$ 14,251	\$ 14,084	\$ 317,962
	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
Total expenses	\$ 220,511	\$ 9,773	\$ 16,898	\$ 247,182

See accompanying notes.

OCCUPAWS GUIDE DOG ASSOCIATION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 14,888	\$ 428,777
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	958	293
Realized and unrealized (gains) losses on investments	(69,009)	17,624
(Increase) decrease in assets		
Promises to give	50,000	(50,000)
Prepaid expenses	(1,080)	74
Decrease in liabilities		
Accounts payable	(254)	(3,257)
Net cash flows from (used in) operating activities	(4,497)	393,511
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment	(781)	(8,797)
Purchases of investments	(35,000)	(300,000)
Dividends retained in investments	(7,739)	(5,241)
Interest retained in certificate of deposit	(303)	(35)
Net cash flows used in investing activities	(43,823)	(314,073)
Net change in cash	(48,320)	79,438
Cash at beginning of year	226,070	146,632
Cash at end of year	<u>\$ 177,750</u>	<u>\$ 226,070</u>

See accompanying notes.

OCCUPAWS GUIDE DOG ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

OccuPaws Guide Dog Association (OccuPaws) 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.

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.

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.

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.

Revenue Recognition

Special events – Revenue from special events is recognized when the event is held.

Adoption fees – Revenue from adoption fees is recognized when the dog is transferred to the adopter. There is a ten day return window for the adopter to return the dog and receive a full refund. Returns are generally minimal. Occasionally, an owner will pay for a dog in installments. Amounts earned, but not yet received, are recorded as accounts receivable. There were no such accounts receivable as of December 31, 2019 and 2018.

OCCUPAWS GUIDE DOG ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of New Accounting Pronouncement

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs supersedes the revenue recognition requirements and most industry-specific guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance also includes a cohesive set of disclosure requirements that will provide users of the financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

OccuPaws adopted the requirements of the new guidance as of January 1, 2019, using the modified retrospective method of transition. In applying the new guidance, OccuPaws elected to use the practical expedient that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019.

The majority of OccuPaws' revenue from contracts with customers, which includes special events and adoption fees, is recognized at a point in time based on the holding of an event or the transfer of control. Revenue recognized over time primarily consists of performance obligations that are satisfied within one year or less. In addition, the majority of OccuPaws' contracts do not contain variable consideration and contract modifications are generally minimal.

The adoption of the new guidance did not have a significant impact on OccuPaws' financial statements. The majority of OccuPaws' revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. Based on OccuPaws' evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new guidance.

Also, on June 21, 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides a more robust framework for evaluating whether transactions such as grants and similar contracts with government agencies and others should be accounted for as exchange transactions (that is, revenue from contracts with customers) or contributions. The ASU also assists entities in determining whether a contribution is conditional. OccuPaws adopted the requirements of the ASU as of January 1, 2019. The changes in the ASU have been applied on a modified prospective basis, that is, the changes have been applied to agreements that are either not completed as of January 1, 2019, or entered into after that date.

Income Tax Status

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

Marketing and Promotion

OccuPaws expenses marketing and promotion costs as they are incurred.

OCCUPAWS GUIDE DOG ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

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, professional fees, meetings and conferences, depreciation, travel, marketing and promotion, and miscellaneous expenses which are allocated on the basis of time and effort of volunteers.

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 educates 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.

Date of Management's Review

Management has evaluated subsequent events through September 25, 2020, the date which the financial statements were available to be issued.

OCCUPAWS GUIDE DOG ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 2 – 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.

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

	2019		
	Program Services	Fundraising	Total
Professional fees			
Veterinary services	\$ 7,976	\$ -	\$ 7,976
Veterinary supplies	1,250	-	1,250
Entertainment	-	2,000	2,000
Food and supplies	12,420	-	12,420
Facilities	-	2,000	2,000
	\$ 21,646	\$ 4,000	\$ 25,646
	2018		
Professional fees			
Veterinary services	\$ 3,172	\$ -	\$ 3,172
Veterinary supplies	3,600	-	3,600
Entertainment	-	2,000	2,000
Food and supplies	12,470	-	12,470
Facilities	-	3,500	3,500
	\$ 19,242	\$ 5,500	\$ 24,742

NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS

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

	2019	2018
Promise to give with payments in future periods	\$ -	\$ 50,000
Dog training costs in the subsequent period	7,000	-
Net assets with donor restrictions	\$ 7,000	\$ 50,000

OCCUPAWS GUIDE DOG ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 4 – INVESTMENTS

Investments for the years ended December 31 are comprised of the following:

	2019	2018
Money market	\$ 61,521	\$ -
Mutual funds	365,649	315,422
Total	\$ 427,170	\$ 315,422

NOTE 5 – FAIR VALUE MEASUREMENTS

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

Assets at Fair Value as of December 31, 2019				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market	\$ 61,521	\$ 61,521	\$ -	\$ -
Mutual funds	365,649	365,649	-	-
Total	\$ 427,170	\$ 427,170	\$ -	\$ -
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	\$ 315,422	\$ 315,422	\$ -	\$ -

Fair values for money market and 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, 2019 and 2018

NOTE 6 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects OccuPaws’ financial assets as of December 31, 2019 and 2018, reduced by amounts not available for general use within one year because of donor-imposed or other restrictions within one year of dates of the statements of financial position:

	2019	2018
Cash	\$ 177,750	\$ 226,070
Certificate of deposit	18,243	17,940
Unconditional promises to give	-	50,000
Investments	427,170	315,422
Financial assets, at year-end	623,163	609,432
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with time restrictions	\$ (7,000)	\$ -
Investments with liquidity horizons greater than one year	-	(17,940)
Financial assets available to meet cash needs for general expenditures within one year	\$ 616,163	\$ 591,492

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.

NOTE 7 – SUBSEQUENT EVENTS

OccuPaws’ operations may be affected by the recent and ongoing COVID-19 outbreak that was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption and effect on OccuPaws is uncertain; however, it may result in a material adverse impact on OccuPaws’ financial position, activities, and cash flows. Possible effects may include, but are not limited to, disruption to OccuPaws’ donors and revenues, absenteeism in OccuPaws’ workforce, unavailability of supplies used in the Organization’s programs, and a decline in value of assets held by OccuPaws.