

**OCCUPAWS GUIDE DOG ASSOCIATION**

**FINANCIAL STATEMENTS**

December 31, 2021 and 2020

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## INDEPENDENT AUDITOR'S REPORT

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

**Opinion**

We have audited the financial statements of OccuPaws Guide Dog Association, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of OccuPaws Guide Dog Association as of December 31, 2021 and 2020, 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.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of OccuPaws Guide Dog Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about OccuPaws Guide Dog Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 OccuPaws Guide Dog Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about OccuPaws Guide Dog Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Wegner CPAs, LLP  
Madison, Wisconsin  
February 15, 2022

**OCCUPAWS GUIDE DOG ASSOCIATION**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 123,157	\$ 117,210
Certificate of deposit	-	18,493
Prepaid expenses	<u>1,706</u>	<u>2,388</u>
Total current assets	124,863	138,091
Investments	523,029	486,352
Equipment (less accumulated depreciation of \$3,167 and \$2,209, respectively)	<u>6,411</u>	<u>7,369</u>
<b>Total assets</b>	<u><u>\$ 654,303</u></u>	<u><u>\$ 631,812</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>	\$ -	\$ -
<b>NET ASSETS</b>		
Without donor restrictions	654,303	624,812
With donor restrictions	<u>-</u>	<u>7,000</u>
Total net assets	<u>654,303</u>	<u>631,812</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 654,303</u></u>	<u><u>\$ 631,812</u></u>

See accompanying notes.

**OCCUPAWS GUIDE DOG ASSOCIATION**  
**STATEMENTS OF ACTIVITIES**  
Years Ended December 31, 2021 and 2020

	2021	2020
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>SUPPORT AND REVENUE</b>		
Contributions		
Individuals, foundations, and corporations	\$ 202,234	\$ 152,803
Donated services and materials	41,296	22,105
Special event and concessions income	32,479	18,618
Adoption fees	46,100	20,150
Investment return, net	36,717	59,432
	<hr/>	<hr/>
Total support and revenue without donor restrictions	358,826	273,108
<b>EXPENSES</b>		
Program services	317,393	263,658
Supporting activities		
Management and general	8,476	11,672
Fundraising	10,466	6,935
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Total expenses	336,335	282,265
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>		
Satisfaction of purpose restrictions	7,000	7,000
	<hr/>	<hr/>
Change in net assets without donor restrictions	29,491	(2,157)
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	-	7,000
Satisfaction of purpose restrictions	(7,000)	(7,000)
	<hr/>	<hr/>
Change in net assets with donor restrictions	(7,000)	-
<b>Change in net assets</b>	22,491	(2,157)
Net assets at beginning of year	631,812	633,969
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<b>Net assets at end of year</b>	<u>\$ 654,303</u>	<u>\$ 631,812</u>

See accompanying notes.

**OCCUPAWS GUIDE DOG ASSOCIATION**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
Years Ended December 31, 2021 and 2020

	2021			
	Program Services	Management and General	Fundraising	Total Expenses
Office expenses	\$ 2,156	\$ 767	\$ 5,719	\$ 8,642
Telephone	1,667	209	209	2,085
Computer and technology	9,448	1,181	1,181	11,810
Postage	940	117	117	1,174
Printing	203	25	25	253
Insurance	1,387	173	173	1,733
Dog equipment	22,697	-	-	22,697
Professional fees	-	4,800	200	5,000
Depreciation	958	-	-	958
Travel	49,534	958	958	51,450
Facility rental	-	-	1,015	1,015
Marketing and promotion	2,492	-	623	3,115
Puppies	16,926	-	-	16,926
Dog training	86,308	-	-	86,308
Veterinary	87,887	-	-	87,887
Dog food expense	32,828	-	-	32,828
Miscellaneous	1,962	246	246	2,454
<b>Total expenses</b>	<b>\$ 317,393</b>	<b>\$ 8,476</b>	<b>\$ 10,466</b>	<b>\$ 336,335</b>
	2020			
	Program Services	Management and General	Fundraising	Total Expenses
Office expenses	\$ 4,164	\$ 1,068	\$ 521	\$ 5,753
Telephone	1,950	244	244	2,438
Computer and technology	6,786	848	848	8,482
Postage	1,066	133	133	1,332
Printing	675	85	85	845
Insurance	1,669	209	209	2,087
Dog equipment	26,937	-	-	26,937
Professional fees	80	4,810	10	4,900
Depreciation	958	-	-	958
Travel	33,931	3,987	3,987	41,905
Marketing and promotion	2,439	-	610	3,049
Puppies	14,515	-	-	14,515
Dog training	72,844	-	-	72,844
Veterinary	60,327	-	-	60,327
Dog food expense	33,014	-	-	33,014
Miscellaneous	2,303	288	288	2,879
<b>Total expenses</b>	<b>\$ 263,658</b>	<b>\$ 11,672</b>	<b>\$ 6,935</b>	<b>\$ 282,265</b>

See accompanying notes.

**OCCUPAWS GUIDE DOG ASSOCIATION**  
**STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2021 and 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 22,491	\$ (2,157)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	958	958
Realized and unrealized gains on investments	(34,635)	(53,591)
Decrease in assets		
Prepaid expenses	682	91
Net cash flows from operating activities	(10,504)	(54,699)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends retained in investments	(2,042)	(5,591)
Interest retained in certificate of deposit	(40)	(250)
Proceeds from certificate of deposit maturity	18,533	-
Net cash flows used in investing activities	16,451	(5,841)
<b>Net change in cash</b>	5,947	(60,540)
Cash at beginning of year	117,210	177,750
<b>Cash at end of year</b>	<u>\$ 123,157</u>	<u>\$ 117,210</u>

See accompanying notes.



**OCCUPAWS GUIDE DOG ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021 and 2020

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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.

**Investments**

Investments at December 31, 2021 and 2020, consist of mutual funds, which are valued at the quoted net asset values of the shares as reported by the fund. The mutual funds held by OccuPaws are open-end mutual funds registered with the U.S. Securities and Exchange Commission. The funds must publish their daily net asset value and transact at that price. The mutual funds held by OccuPaws are considered to be actively traded.

**Equipment**

Purchases of equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is provided using the straight-line method.

**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.

**Revenue Recognition**

*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, 2021 and 2020.

*Special event and concessions income* – Revenue is recognized at a point in time when the event or sale takes place.

**OCCUPAWS GUIDE DOG ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021 and 2020

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Marketing and Promotion**

OccuPaws expenses marketing and promotion costs as they are incurred.

**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 expenses, telephone, computer and technology, postage, printing, insurance, travel, 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 and children in Wisconsin and contiguous states. 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 OccuPaws.

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

**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.

**Income Tax Status**

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

**OCCUPAWS GUIDE DOG ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021 and 2020

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Date of Management’s Review**

Management has evaluated subsequent events through February 15, 2022, the date which the financial statements were available to be issued.

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 services and materials included as contributions and as program service expenses in the financial statements are as follows:

	2021	2020
Veterinary services	\$ 7,166	\$ 7,410
Veterinary supplies	19,850	-
Food and supplies	14,280	14,695
	\$ 41,296	\$ 22,105

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects OccuPaws' financial assets as of December 31, 2021 and 2020 available to meet cash needs for general expenditures within one year of the dates of the statements of financial position:

	2021	2020
Cash	\$ 123,157	\$ 117,210
Certificate of deposit	-	18,493
Investments	523,029	486,352
Financial assets at year-end	646,186	622,055
Less those unavailable for general expenditures within one year due to:		
Restricted by donor with purpose restrictions	-	(7,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 646,186	\$ 615,055

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 certificates of deposit and mutual funds.

**OCCUPAWS GUIDE DOG ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021 and 2020

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**NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS**

There were no net assets with donor restrictions as of December 31, 2021. Net assets with donor restrictions as of December 31, 2020 were restricted for the purpose of dog training costs in the subsequent period.

**NOTE 5 – COVID-19 CONSIDERATIONS**

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. OccuPaws was not able to hold all its typical fundraising events because of the pandemic. The negative impact of the pandemic on the economy has the potential to cause declines in value of OccuPaws' investments. Future risks and losses related to the COVID-19 pandemic are unknown at this time.