

OCCUPAWS GUIDE DOG ASSOCIATION

FINANCIAL STATEMENTS

December 31, 2022 and 2021

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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, 2022 and 2021, 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, 2022 and 2021, 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.

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 No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, as of January 1, 2022. Our opinion is not modified with respect to this matter.

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 14, 2023

OCCUPAWS GUIDE DOG ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 112,868	\$ 123,157
Prepaid expenses	<u>3,832</u>	<u>1,706</u>
Total current assets	116,700	124,863
Investments	443,870	523,029
Equipment (less accumulated depreciation of \$4,125 and \$3,167, respectively)	<u>5,453</u>	<u>6,411</u>
Total assets	<u><u>\$ 566,023</u></u>	<u><u>\$ 654,303</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 4,623	\$ -
NET ASSETS		
Without donor restrictions	534,900	654,303
With donor restrictions	<u>26,500</u>	<u>-</u>
Total net assets	<u>561,400</u>	<u>654,303</u>
Total liabilities and net assets	<u><u>\$ 566,023</u></u>	<u><u>\$ 654,303</u></u>

See accompanying notes.

OCCUPAWS GUIDE DOG ASSOCIATION
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2022 and 2021

	2022	2021
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES		
Contributions		
Individuals, foundations, and corporations	\$ 221,817	\$ 202,234
Donated services and materials	8,939	41,296
Special event and concessions income	43,276	32,479
Adoption fees	53,975	46,100
Investment return, net	(79,159)	36,717
	<u>248,848</u>	<u>358,826</u>
EXPENSES		
Program services	340,033	317,393
Supporting activities		
Management and general	12,407	8,476
Fundraising	15,811	10,466
	<u>368,251</u>	<u>336,335</u>
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of purpose restrictions	-	7,000
	<u>-</u>	<u>7,000</u>
Change in net assets without donor restrictions	(119,403)	29,491
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	26,500	-
Satisfaction of purpose restrictions	-	(7,000)
	<u>26,500</u>	<u>(7,000)</u>
Change in net assets with donor restrictions	26,500	(7,000)
Change in net assets	(92,903)	22,491
Net assets at beginning of year	654,303	631,812
Net assets at end of year	<u>\$ 561,400</u>	<u>\$ 654,303</u>

See accompanying notes.

OCCUPAWS GUIDE DOG ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2022 and 2021

	2022			
	Program Services	Management and General	Fundraising	Total Expenses
Office	\$ 4,330	\$ 1,316	\$ 9,545	\$ 15,191
Telephone	1,458	182	182	1,822
Computer and technology	9,025	1,128	1,128	11,281
Postage	1,691	211	211	2,113
Printing	808	101	101	1,010
Insurance	1,749	219	219	2,187
Dog equipment	23,206	-	-	23,206
Professional fees	-	6,849	200	7,049
Meetings and conferences	120	15	15	150
Depreciation	958	-	-	958
Travel	68,259	1,905	1,905	72,069
Facilities	-	-	1,325	1,325
Marketing and promotion	1,346	-	336	1,682
Puppies	16,835	-	-	16,835
Dog training	107,371	-	-	107,371
Veterinary	65,689	-	-	65,689
Dog food	33,343	-	-	33,343
Miscellaneous	3,845	481	644	4,970
	<u>\$ 340,033</u>	<u>\$ 12,407</u>	<u>\$ 15,811</u>	<u>\$ 368,251</u>

	2021			
	Program Services	Management and General	Fundraising	Total Expenses
Office	\$ 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
Facilities	-	-	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	32,828	-	-	32,828
Miscellaneous	1,962	246	246	2,454
	<u>\$ 317,393</u>	<u>\$ 8,476</u>	<u>\$ 10,466</u>	<u>\$ 336,335</u>

See accompanying notes.

OCCUPAWS GUIDE DOG ASSOCIATION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (92,903)	\$ 22,491
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	958	958
Realized and unrealized (gain) loss on investments	87,397	(34,635)
(Increase) decrease in assets		
Prepaid expenses	(2,126)	682
Increase in liabilities		
Accounts payable	4,623	-
Net cash flows from operating activities	(2,051)	(10,504)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends retained in investments	(8,238)	(2,042)
Interest retained in certificate of deposit	-	(40)
Proceeds from certificate of deposit maturity	-	18,533
Net cash flows used in investing activities	(8,238)	16,451
Net change in cash	(10,289)	5,947
Cash at beginning of year	123,157	117,210
Cash at end of year	<u>\$ 112,868</u>	<u>\$ 123,157</u>

See accompanying notes.

OCCUPAWS GUIDE DOG ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

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.

Adoption of New Accounting Guidance

On September 17, 2020, the Financial Accounting Standards Board issued Accounting Standards Update No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The intent of this Update is to improve transparency in the reporting of contributed nonfinancial assets (also known as donated services and materials) received by not-for-profit entities. The Update requires a not-for-profit entity to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash and other financial assets. The Update also requires enhanced disclosures about the valuation of contributed nonfinancial assets and their use in programs and other activities, including any donor-imposed restrictions on such use. OccuPaws adopted the requirements of this Update effective January 1, 2022. The changes required by this Update have been applied retrospectively to all periods presented.

Investments

Investments at December 31, 2022 and 2021, 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.

OCCUPAWS GUIDE DOG ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2022 and 2021.

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

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. An estimated 150 volunteers, which mainly include puppy raisers, welcome sitters, and boarders, 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, telephone, computer and technology, postage, printing, insurance, meetings and conferences, 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.

OCCUPAWS GUIDE DOG ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

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.

Income Tax Status

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

Date of Management’s Review

Management has evaluated subsequent events through February 14, 2023, the date which the financial statements were available to be issued.

NOTE 2 – DONATED SERVICES AND MATERIALS

Donated services and materials for the years ended December 31, 2022 and 2021, included in the financial statements, were as follows:

	2022	2021
Veterinary services	\$ 609	\$ 7,166
Veterinary supplies	-	19,850
Dog food and supplies	8,330	14,280
Total	\$ 8,939	\$ 41,296

OccuPaws recognized donated services and materials within revenue, including contributed vet services, vet supplies, and dog food and supplies. Donated services and materials did not have donor-imposed restrictions. OccuPaws does not sell gifts-in-kind and only distributes goods for program use, including dog placement and training activities.

Contributed veterinary supplies and dog food and supplies are valued at the estimated fair value based on estimates of wholesale values that would be received for selling products in the United States. Contributed veterinary services are valued based on the estimated costs that would have been incurred had OccuPaws taken dogs to a vet.

OCCUPAWS GUIDE DOG ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of December 31:

	2022	2021
Puppy playground and equipment	\$ 16,500	\$ -
Training a dog to be placed with a veteran	10,000	-
Net assets with donor restrictions	\$ 26,500	\$ -

NOTE 4 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects OccuPaws' financial assets as of December 31, 2022 and 2021 available to meet cash needs for general expenditures within one year of the dates of the statements of financial position:

	2022	2021
Cash	\$ 112,868	\$ 123,157
Investments	443,870	523,029
Financial assets at year-end	556,738	646,186
Less those unavailable for general expenditures within one year due to		
Restricted by donor with purpose restrictions	(26,500)	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 530,238	\$ 646,186

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.