

FINANCIAL STATEMENTS
OF
THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.
AT
DECEMBER 31, 2018

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Certified Public Accountants

Stephen D. Givens, CPA

Curtis E. Brand, CPA

Timothy K. DeVries, CPA

Kathy A. French, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The German Shepherd Dog Club of America, Inc.

We have audited the accompanying financial statements of The German Shepherd Dog Club of America, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018 and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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.

To the Board of Directors of
The German Shepherd Dog Club of America, Inc.
Page Two

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The German Shepherd Dog Club of America, Inc. as of December 31, 2018 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, the Organization adopted ASU 2016-14, the new accounting pronouncement for the presentation of financial statements of not-for-profit entities and has adjusted the presentation of these statements accordingly. Our opinion is not modified with respect to these matters.

RYUN, GIVENS & COMPANY, P.L.C.


Certified Public Accountants

July 10, 2019

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018**

	2018
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 164,935
Investments	328,589
Accounts Receivables	795
Inventory	14,267
Prepaid Expenses	23,119
Total Current Assets	531,705
Property and Equipment:	
Equipment and Furnishings	71,148
LESS - Accumulated Depreciation	71,148
Net Property and Equipment	-
TOTAL ASSETS	\$ 531,705
LIABILITIES AND NET ASSETS	
Current Liabilities:	
Accounts Payable	\$ 13,096
Deferred Revenue	109,151
Total Current Liabilities	122,247
Net Assets:	
Without Donor Restrictions	407,956
With Donor Restrictions	1,502
Total Net Assets	409,458
TOTAL LIABILITIES AND NET ASSETS	\$ 531,705

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018
NET ASSETS WITHOUT DONOR RESTRICTIONS	
Revenues, Gains and Other Support:	
Program	\$ 405,828
Dues	94,346
Contributions	75,522
Investment Income	5,314
Other Income	11,784
Total Revenues, Gains and Other Support	592,794
Expenses:	
Program	507,525
General and Administrative	54,354
Total Expenses	561,879
Operating Income (Loss)	30,915
Change in Net Unrealized Gains (Losses) on Investments	(2,014)
Increase (Decrease) in Net Assets Without Donor Restrictions	28,901
NET ASSETS WITH DONOR RESTRICTIONS	
Transfer of Contributions to AGRSA	(26,715)
Increase (Decrease) in Net Assets With Donor Restrictions	(26,715)
Increase (Decrease) in Net Assets	2,186
Net Assets, Beginning of Year	407,272
Net Assets, End of Year	\$ 409,458

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Program	General and Administrative	Total
Expenses:			
General	\$ 79,517	\$ 54,354	\$ 133,871
Specialty	135,296	-	135,296
Futurities	27,870	-	27,870
Review	138,282	-	138,282
SV Program	126,560	-	126,560
Total Functional Expenses	\$ 507,525	\$ 54,354	\$ 561,879

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (Decrease) in Net Assets	\$ 2,186
Adjustments to Reconcile Change in Net Assets to Cash Provided (Used) by Operating Activities:	
Change in Net Unrealized (Gains) Losses on Investments	2,014
(Increase) Decrease in:	
Accounts Receivables	(795)
Inventory	(5,994)
Prepaid Expenses	(2,559)
Increase (Decrease) in:	
Accounts Payable	(17,234)
Deferred Revenues	(19,584)
Net Cash Provided (Used) by Operating Activities	(41,966)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Investments	(5,139)
Net Cash Provided (Used) by Investing Activities	(5,139)
Net Increase (Decrease) in Cash and Cash Equivalents	(47,105)
Cash and Cash Equivalents at Beginning of Year	212,040
Cash and Cash Equivalents at End of Year	\$ 164,935

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The German Shepherd Dog Club of America, Inc. (the "Organization"), is a nonprofit trade Organization formed to promote the German Shepherd dog by holding annual Specialty and Futurity dog shows and publishing The German Shepherd Dog Review (the Review). The accompanying financial statements do not include net assets and accounts of local and regional clubs promoting the German Shepherd dog.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Accounts Receivable

Receivables are stated at the amount that management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expenses and an adjustment to a valuation allowance based on its assessment of the status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. There was no allowance for doubtful accounts for the year ended December 31, 2018.

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the operating income (loss) unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are included from operating income (loss) unless the income or loss is restricted by donor.

Property and Equipment

Property and equipment is stated at cost. Depreciation is computed using the accelerated methods over the estimated useful lives. There was no depreciation expense for the year ended December 31, 2018. Maintenance and repairs that do not improve or extend the useful lives of the respective assets are charged to operations when incurred. When property, plant and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Operating Income (Loss)

The statement of activities includes operating income (loss). Changes in net assets without donor restrictions which are excluded from operating income (loss), consistent with industry practice, include investment income restricted by donors and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Revenue Recognition and Deferred Revenue

Membership dues and Review subscriptions are recognized as revenue in the applicable membership and subscription periods. Any unearned amounts are included in deferred revenue at the end of each accounting period. Deferred revenues consist of unearned membership dues, unearned Review subscriptions, and prepaid advertising revenue.

Contributions and Donor Restricted Funds

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes and Accounting for Uncertain Tax Positions

The German Shepherd Dog Club of America, Inc., is exempt from taxation under Section 501(c)(7) of the Internal Revenue Code. Therefore, no provision for income taxes is presented in the financial statements, for this entity. Although the Organization is a 501(c)(7), the income derived from advertising received by the Review and for the sales of products is treated as unrelated business income and subject to tax. For the year ended December 31, 2018, there was no income tax expense incurred.

The Organization has adopted the accounting standard regarding “Accounting for Uncertain Tax Positions.” This standard provides detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in the entity’s financial statements. It requires an entity to recognize the financial statement benefit of a tax position when it is more likely than not that the position will be sustained upon examination. The adoption of this standard had no material effect on the Organization’s financial position, results of operations, or cash flow. The Organization’s federal Return of Organization Exempt from Income Tax (Form 990) for 2015, 2016 and 2017 remain subject to examination by the IRS, generally for three years after they were filed. However, income from certain activities not directly related to the Organization’s tax-exempt purpose is subject to taxation as unrelated business income.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on a reasonable basis that is consistently applied.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The 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 Organization has adjusted the presentation of these statements accordingly.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following represents the Organization’s financial assets available for general expenditures within one year at December 31, 2018:

	<u>2018</u>
Financial Assets at Year End:	
Cash and Cash Equivalents	\$ 164,935
Investments	328,589
Accounts Receivable	<u>795</u>
Total Financial Assets	<u>\$ 494,319</u>

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018**

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

	<u>2018</u>
Less Amounts Not Available to be Used	
Within One Year:	
Net Assets With Donor Restrictions	\$ <u>1,502</u>
Total	\$ <u>1,502</u>
Financial Assets Available for General	
Expenditures Within One Year	\$ <u>492,817</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 3 - INVESTMENT INCOME

Investment income is summarized as follows:

	<u>2018</u>
Increase in Net Assets Without Donor Restrictions:	
Interest and Dividend Income, Net	\$ <u>5,314</u>
Total Investment Income	\$ <u>5,314</u>
Change in Net Unrealized Gains (Losses) on	
Investments:	
Net Assets Without Donor Restrictions	\$ <u>(2,014)</u>

NOTE 4 - FAIR VALUE MEASUREMENTS

Fair Values Measured on a Recurring Basis

Fair values of assets measured on a recurring basis at December 31, 2018 are as follows:

<u>December 31, 2018</u>	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)
Cash and Cash Equivalents	\$ 69,737	\$ 69,737
Mutual Funds	<u>258,852</u>	<u>258,852</u>
Total	\$ <u>328,589</u>	\$ <u>328,589</u>

Financial Accounting Standards Board for *Fair Value Measurements and Disclosures* establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures the fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018**

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

Level 1 Fair Value Measurements

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

Gains and losses (realized and unrealized) included in the statement of activities for the year ended December 31, 2018 are reported in investment income.

NOTE 5 - NET ASSETS

Net assets with donor restrictions are restricted for the following purposes for the year ended December 31, 2018:

	<u>2018</u>
Specific Purpose:	
Junior Handlers	\$ <u>1,502</u>
Total	\$ <u>1,502</u>

Net assets without donor restrictions for the year ended December 31, 2018 are as follows:

	<u>2018</u>
Undesignated	\$ <u>407,956</u>
Total	\$ <u>407,956</u>

Net assets released from net assets with donor restrictions are as follows:

	<u>2018</u>
Satisfaction of Purpose Restrictions:	
Transfer of Contribution to American German Shepherd Rescue Association (AGSRA)	\$ <u>26,715</u>

NOTE 6 - RELATED PARTY TRANSACTION

For the year ended December 31, 2018, the Organization paid a member of the board of directors \$18,000 for contract labor.

For the year ended December 31, 2018, the Organization paid a member of the board of directors \$14,000 for services as webmaster.

For the year ended December 31, 2018, the German Shepherd Dog Club of America Charitable Trust, Inc. reimbursed the Organization \$15,215 for expenses related to museum wall plaque and trophy.

NOTE 7 - CONCENTRATIONS

At December 31, 2018, the Organization had investments with a fair market value of \$328,589, which are subject to market risks inherent in the individual investments.

NOTE 8 - SUBSEQUENT EVENTS

The date to which events occurring after December 31, 2018, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is July 10, 2019, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION



Certified Public Accountants

Stephen D. Givens, CPA
Curtis E. Brand, CPA
Timothy K. DeVries, CPA
Kathy A. French, CPA

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
The German Shepherd Dog Club of America, Inc.

We have audited the financial statements of The German Shepherd Dog Club of America, Inc., (a nonprofit organization) as of and for the year ended December 31, 2018, and our report thereon dated July 10, 2019, which expressed an unmodified opinion on these financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on Schedules I through VI, which is the responsibility of management, is presented for purposes of additional analysis and it is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

RYUN, GIVENS & COMPANY, P.L.C.



Certified Public Accountants

July 10, 2019

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**SCHEDULE I - OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Specialty	Futurities	Review	SV Program	Total
Revenues						
Program	\$ 6,062	\$ 130,718	\$ 27,627	\$ 145,731	\$ 95,690	\$ 405,828
Dues	94,346	-	-	-	-	94,346
Contributions	10,035	31,359	6,939	-	27,189	75,522
Investment Income	5,314	-	-	-	-	5,314
Other Income	11,784	-	-	-	-	11,784
Total Revenues	127,541	162,077	34,566	145,731	122,879	592,794
Expenses						
Program	79,517	135,296	27,870	138,282	126,560	507,525
General & Administrative	54,354	-	-	-	-	54,354
Total Other Expenses	133,871	135,296	27,870	138,282	126,560	561,879
Excess (Deficit) of Revenues over Expenses	\$ (6,330)	\$ 26,781	\$ 6,696	\$ 7,449	\$ (3,681)	\$ 30,915

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**SCHEDULE II - GENERAL OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018
Revenues	
Program:	
Red Book	\$ 5,612
Web Page	450
Dues	94,346
Investment Income	5,314
Purina Parent Club Contributions	10,035
Other Income	11,784
	<hr/> 127,541 <hr/>
Expenses	
Red Book	2,465
Web Page	28,627
Membership	2,767
Directors - Board Meetings	30,764
President	1,401
Corresponding Secretary	42
Treasurer	683
A.K.C. Delegate	225
Publicity	550
Regional Club Liaison	75
ROM Sires & Dams	11,918
Central Office	1,140
General & Administrative	43,749
Elections	6,861
Other Expenses	2,604
	<hr/> 133,871 <hr/>
Excess (Deficit) of Revenues over Expenses	<hr/> \$ (6,330) <hr/>

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**SCHEDULE III - SPECIALTY SHOW OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018
Revenues	
National	\$ 86,547
Herding - National	8,380
Agility - National	25,185
Tracking - National	875
Temperament - National	2,380
Lure Coursing Nationals	3,360
National Preshow Income	3,991
Contributions	31,359
	<hr/> 162,077 <hr/>
Expenses	
National Preshow Expense	327
National Show	98,597
Herding	8,299
Agility	12,302
Tracking	1,393
Temperament Test	582
Lure Coursing	318
Awards	13,478
	<hr/> 135,296 <hr/>
Excess (Deficit) of Revenues over Expenses	\$ 26,781 <hr/>

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**SCHEDULE IV - FUTURITIES SHOW OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018
Revenues	
Futurity - Current Year	\$ 19,732
Litter Nominations Region	7,895
Futurity Trophy Contributions	6,939
	<u>34,566</u>
Expenses	
Advertising, Internal	550
Catalog	1,339
Miscellaneous	319
Postage	1,841
Region Club Profit	13,328
Secretary Fees	1,799
Supplies	89
Exhibitor Winner Payouts	2,870
Trophies	5,735
	<u>27,870</u>
Excess (Deficit) of Revenues over Expenses	<u>\$ 6,696</u>

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**SCHEDULE V - REVIEW OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018
Revenues	
Advertising	\$ 62,843
Subscriptions	82,888
	<hr/> 145,731 <hr/>
Expenses	
Custom Work & Design	37
Editor	50,000
Miscellaneous	598
Postage and Handling Fees	21,107
Printing	66,540
	<hr/> 138,282 <hr/>
Excess (Deficit) of Revenues over Expenses	\$ 7,449

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**SCHEDULE VI - SV PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018
Revenues	
SV Program	\$ 30,508
WUSV Sieger Show	38,226
National IPO/FH Show	3,728
Universal Sieger Show	15,890
GSDCA & USCA Combined Trial	2,600
Product Sales	4,738
Contributions	27,189
	<hr/> 122,879 <hr/>
Expenses	
National IPO/FH Show Expense	20,751
Universal Sieger Show Expense	7,465
SV Program Administrator	18,240
SV Program Expenses	31,966
WUSV Sieger Show Expense	40,532
SV Program Office Expenses	1,289
GSDCA & USCA Combined Trial Expense	4,626
WDS World Trials	1,691
	<hr/> 126,560 <hr/>
Excess (Deficit) of Revenues over Expenses	\$ (3,681) <hr/>