

FINANCIAL STATEMENTS
OF
THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.
AT
DECEMBER 31, 2012

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Ryun, Givens
& Company, P.L.C.

Certified Public Accountants

Stephen D. Givens, CPA
Curtis E. Brand, CPA
Timothy K. DeVries, CPA
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of The German Shepherd Dog Club of America, Inc. (a nonprofit organization), as of December 31, 2012, and were engaged to audit the related statement of activities 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 conducting our audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis of Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the results of operations and cash flows or the consistency of application of accounting principles with the preceding year.

We conducted our audit of the statement of financial position 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 statement of financial position is 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.

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

Auditor's Responsibility (Continued)

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

Basis for Disclaimer of Opinion on Opening Balances, Results of Operations, Cash Flows and Consistency

In accordance with the terms of our engagement, we have not applied auditing procedures necessary to obtain sufficient appropriate audit evidence about the classifications and amounts comprising net assets at December 31, 2011. Significant aspects of the statement of activities and cash flows at that date, including classifications and amounts, materially affect the determination of the results of operations for the year ended December 31, 2012, and the consistency of application of accounting principles between 2012 and 2011.

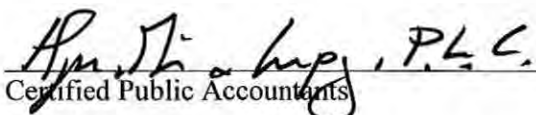
Disclaimer of Opinion on Opening Balances, Results of Operations and Consistency

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the results of operations and cash flows for the year ended December 31, 2012, or on the consistency of application of accounting principles with the preceding year. Accordingly, we do not express an opinion on the results of operations and cash flows for the year ended December 31, 2012, or on the consistency of application of accounting principles with the preceding year.

Opinion on the Statement of Assets and Net Assets

In our opinion, the statement of financial position 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, 2012, in accordance with accounting principles generally accepted in the United States of America.

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


Certified Public Accountants

April 17, 2015

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012**

	2012
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 532,171
Accounts Receivables	7,380
Receivable - Related Party	15,000
Inventory	19,221
Prepaid Expenses	43,685
Total Current Assets	617,457
Property and Equipment:	
Equipment and Furnishings	67,039
LESS - Accumulated Depreciation	66,019
Net Property and Equipment	1,020
TOTAL ASSETS	\$ 618,477
LIABILITIES AND NET ASSETS	
Current Liabilities:	
Accounts Payable	\$ 17,677
Deferred Revenue	74,284
Total Current Liabilities	91,961
Net Assets:	
Unrestricted Net Assets	408,181
Temporarily Restricted Net Assets:	118,335
Total Net Assets	526,516
TOTAL LIABILITIES AND NET ASSETS	\$ 618,477

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	2012
UNRESTRICTED NET ASSETS	
Revenues, Gains and Other Support:	
Program	\$ 346,258
Dues	89,898
Interest - Net	7,861
Released from Restrictions	820
Total Revenues, Gains and Other Support	444,837
Expenses:	
Program	408,187
General and Administrative	58,342
Total Expenses	466,529
Operating Income (Loss)	(21,692)
Increase (Decrease) in Unrestricted Net Assets	(21,692)
TEMPORARILY RESTRICTED NET ASSETS	
Contributions	30,844
Net Assets Released from Restrictions Used for Operations	(820)
Increase (Decrease) in Temporarily Restricted Net Assets	30,024
Increase in Net Assets	8,332
Net Assets, Beginning of Year	518,184
Net Assets, End of Year	\$ 526,516

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in Net Assets	\$ 8,332
Adjustments to Reconcile Increase in Net Assets to Cash Provided by Operating Activities:	
Gain on Sale of Investments	(5,165)
(Increase) Decrease in:	
Accounts Receivables	(3,055)
Receivable - Related Party	(10,959)
Inventory	(8,750)
Prepaid Expenses	(8,355)
Increase (Decrease) in:	
Accounts Payable	3,395
Deferred Revenues	(19,957)
Net Cash Provided (Used) by Operating Activities	(44,514)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Investments	(1,175)
Proceeds from Sales of Investments	25,000
Purchase of Property and Equipment	(1,020)
Net Cash Provided (Used) by Investing Activities	22,805
Net Increase (Decrease) in Cash and Cash Equivalents	(21,709)
Cash and Cash Equivalents at Beginning of Year	553,880
Cash and Cash Equivalents at End of Year	\$ 532,171

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012

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.

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, 2012.

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, 2012. 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.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity.

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Income (Loss)

The statement of activities includes operating income (loss). Changes in unrestricted net assets 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

The Organization reports gifts of cash and other assets at fair value as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying financial statements.

The Organization reports gifts of property and equipment or other long-lived assets at fair value as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions not restricted by donors are recorded as revenue in unrestricted net assets.

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 Organization must file federal income tax for income derived from the sales and other income received by the Review. This income is mostly for Review advertising, nonmember participation in the National Specialty Show and investment income.

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes and Accounting for Uncertain Tax Positions (Continued)

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 2011, 2012 and 2013 remain subject to examination by the IRS, generally for three years after they were filed.

NOTE 2 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2012 represent unexpended gifts from donors who specified that they were to be used for the following purposes:

	<u>2012</u>
Memorials	\$ 927
DonCliff	965
Purina Alliance	72,305
Restricted Funds - WDA	2,000
Purina Futurity - Restricted Funds	<u>42,138</u>
Total	<u>\$ 118,335</u>

NOTE 3 - RELATED PARTY TRANSACTION

At December 31, 2012, the Organization has a receivable-related party of \$15,000 from the German Shepherd Dog Club of America Charitable Trust, an affiliate organization.

NOTE 4 - SUBSEQUENT EVENTS

The date to which events occurring after December 31, 2012, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is April 17, 2015, which is the date the financial statements were available to be issued.

NOTE 5 - CONTINGENCY

The Organization is vigorously defending a civil lawsuit that arose in 2014. Legal counsel has advised that it is difficult at this time to forecast any potential damage amount that may result due to issues in this case, including, but not limited to future events.

SUPPLEMENTARY INFORMATION



Certified Public Accountants

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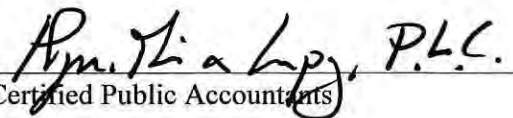
Kathy A. French, CPA

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, 2012, and our report thereon dated April 17, 2015, which expressed an unmodified opinion on the statement of financial position and a disclaimer of opinion on the statements of activities and cash flows, 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 page 11, 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

April 17, 2015

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**SCHEDULES OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Specialty	Futurities	Review	Red Book	Product and Services	Web Page	Total
Revenues								
Program	\$ 2,113	\$ 111,831	\$ 35,266	\$ 173,944	\$ 8,299	\$ 9,370	\$ 5,435	\$ 346,258
Dues	89,898	-	-	-	-	-	-	89,898
Investment Income	7,861	-	-	-	-	-	-	7,861
Contributions	-	-	30,844	-	-	-	-	30,844
Total Revenues	99,872	111,831	66,110	173,944	8,299	9,370	5,435	474,861
Expenses								
Program	59,911	127,496	31,255	160,228	3,556	3,841	21,900	408,187
General & Administrative	58,342	-	-	-	-	-	-	58,342
Total Other Expenses	118,253	127,496	31,255	\$ 160,228	\$ 3,556	3,841	21,900	466,529
Excess (Expenses) Revenues	\$ (18,381)	\$ (15,665)	\$ 34,855	\$ 13,716	\$ 4,743	\$ 5,529	\$ (16,465)	\$ 8,332