

FINANCIAL STATEMENTS  
OF  
THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.  
AT  
DECEMBER 31, 2013

## TABLE OF CONTENTS

	Page Number
Independent Auditors' Report	1 - 2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 8
Supplementary Information	
Independent Auditors' Report on Supplementary Information	10
Schedule I - Operations	11
Schedule II - General Operations	12
Schedule III - Specialty Show Operations	13
Schedule IV - Futurities Show Operations	14
Schedule V - Review Operations	15



Certified Public Accountants

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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 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, 2013 and the related statements 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 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, 2013 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

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, 2013**

	<b>2013</b>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 455,788
Accounts Receivables	12,864
Receivable - Related Party	15,000
Inventory	8,251
Prepaid Expenses	13,509
Total Current Assets	505,412
Property and Equipment:	
Equipment and Furnishings	73,788
LESS - Accumulated Depreciation	66,450
Net Property and Equipment	7,338
<b>TOTAL ASSETS</b>	<b>\$ 512,750</b>
<b>LIABILITIES AND NET ASSETS</b>	
Current Liabilities:	
Accounts Payable	\$ 13,000
Deferred Revenue	76,951
Total Current Liabilities	89,951
Net Assets:	
Unrestricted Net Assets	327,406
Temporarily Restricted Net Assets:	95,393
Total Net Assets	422,799
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 512,750</b>

**THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>2013</b>
<b>UNRESTRICTED NET ASSETS</b>	
Revenues, Gains and Other Support:	
Program	\$ 497,299
Dues	74,653
Contributions	2,395
Investment Income	37
Other Income	59,819
<b>Total Revenues, Gains and Other Support</b>	<b>634,203</b>
Expenses:	
Program	678,793
General and Administrative	70,121
<b>Total Expenses</b>	<b>748,914</b>
<b>Operating Income (Loss)</b>	<b>(114,711)</b>
<b>Increase (Decrease) in Unrestricted Net Assets</b>	<b>(114,711)</b>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>	
Contributions	10,994
<b>Increase (Decrease) in Temporarily Restricted Net Assets</b>	<b>10,994</b>
Decrease in Net Assets	(103,717)
Net Assets, Beginning of Year	526,516
<b>Net Assets, End of Year</b>	<b>\$ 422,799</b>

**THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Decrease in Net Assets	\$ (103,717)
Adjustments to Reconcile Decrease in Net Assets to Cash Provided by Operating Activities:	
Depreciation	431
(Increase) Decrease in:	
Accounts Receivables	(5,484)
Inventory	10,970
Prepaid Expenses	22,983
Increase (Decrease) in:	
Accounts Payable	(4,677)
Deferred Revenues	2,667
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(76,827)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of Property and Equipment	(6,749)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(6,749)</b>
Net Increase (Decrease) in Cash and Cash Equivalents	(83,576)
Cash and Cash Equivalents at Beginning of Year	539,364
Cash and Cash Equivalents at End of Year	\$ 455,788

# THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2013

### 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, 2013.

#### **Property and Equipment**

Property and equipment is stated at cost. Depreciation is computed using the accelerated methods over the estimated useful lives. Depreciation expense for the year ended December 31, 2013 was \$431. 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, 2013**

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, 2013**

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, 2013 represent unexpended gifts from donors who specified that they were to be used for the following purposes:

	<u>2013</u>
Purina Alliance	\$ 72,285
Purina Futurity - Restricted Funds	<u>23,108</u>
Total	<u>\$ 95,393</u>

NOTE 3 - RELATED PARTY TRANSACTION

At December 31, 2013, 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, 2013, 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

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, 2013, and our report thereon dated April 17, 2015, 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 V, 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.**

**SCHEDULE I - OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>General</b>	<b>Specialty</b>	<b>Futurities</b>	<b>Review</b>	<b>World Trial</b>	<b>Total</b>
<b>Revenues</b>						
Program	\$ 12,573	\$ 163,799	\$ 37,304	\$ 164,184	\$ 119,439	\$ 497,299
Dues	74,653	-	-	-	-	74,653
Other Income	59,819	-	-	-	-	59,819
Investment Income	37	-	-	-	-	37
Contributions	-	-	13,389	-	-	13,389
<b>Total Revenues</b>	<b>147,082</b>	<b>163,799</b>	<b>50,693</b>	<b>164,184</b>	<b>119,439</b>	<b>645,197</b>
<b>Expenses</b>						
Program	77,862	167,626	32,880	155,709	244,716	678,793
General & Administrative	70,121	-	-	-	-	70,121
<b>Total Other Expenses</b>	<b>147,983</b>	<b>167,626</b>	<b>32,880</b>	<b>\$ 155,709</b>	<b>244,716</b>	<b>748,914</b>
<b>Excess (Deficit) of Revenues over Expenses</b>	<b>\$ (901)</b>	<b>\$ (3,827)</b>	<b>\$ 17,813</b>	<b>\$ 8,475</b>	<b>\$ (125,277)</b>	<b>\$ (103,717)</b>

**THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.**

**SCHEDULE II - GENERAL OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>2013</b>
<b>Revenues</b>	
Program:	
Red Book	\$ 8,275
Web Page	4,298
Dues	74,653
Other Revenue	59,819
Investment Income	37
	<hr/> 147,082 <hr/>
<b>Expenses</b>	
Program:	
Red Book	4,876
Web Page	12,176
Membership	2,349
Directors - Board Meetings	46,370
Budget & Finance Meetings	225
Corresponding Secretary	101
Treasurer	726
A.K.C. Delegate	385
Working Dog Association	451
SV/WUSV Liaison	2,726
Video	583
Education	108
Breed Rescue	970
Publicity	199
Reg Club	341
ROM Sires & Dams	3,553
Thirteen Club	291
Central Office	1,341
General & Administrative	31,660
Elections	4,604
Other Expenses	32,516
WDS World Trials	1,432
	<hr/> 147,983 <hr/>
Excess (Deficit) of Revenues over Expenses	\$ (901) <hr/>

**THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.**

**SCHEDULE III - SPECIALTY SHOW OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>2013</b>
<b>Revenues</b>	
National	\$ 128,248
Herding - National	10,922
Agility - National	19,418
Tracking - National	1,064
Temperament - National	2,449
National Preshow Income	1,698
	<hr/> 163,799 <hr/>
<b>Expenses</b>	
National Show	133,257
Herding	13,612
Agility	12,969
Tracking	677
Temperament Test	92
Awards	6,644
Annual Judges Education	375
	<hr/> 167,626 <hr/>
Excess (Deficit) of Revenues over Expenses	<hr/> \$ (3,827) <hr/>

**THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.**

**SCHEDULE IV - FUTURITIES SHOW OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>2013</b>
<b>Revenues</b>	
Futurity	\$ 5,061
Futurity - Current Year	23,222
Litter Nominations Region	9,021
Future - Trophy Contributions	2,395
Contribution - Temporarily Restricted	10,994
	<hr/> 50,693 <hr/>
<b>Expenses</b>	
Advertise Pages Print	4,610
Maternity	480
Catalog	1,452
Judges Expenses & Fees	370
Postage	2,519
Region Club Profit	16,116
Ribbon & Badges	805
Travel	301
Trophies	6,227
	<hr/> 32,880 <hr/>
Excess (Deficit) of Revenues over Expenses	<hr/> \$ 17,813 <hr/>



**THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.**

**SCHEDULE V - REVIEW OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>2013</b>
<b>Revenues</b>	
Advertising	\$ 70,673
Subscriptions	93,511
	<hr/> 164,184 <hr/>
<b>Expenses</b>	
Change Order	323
Custom Work & Design	13,808
Editor	51,000
Postage	11,671
Postage 1st Class Mailing	141
Postage - Mail Preparation	6,375
Printing	65,593
Shipping & Handling	3,525
Transportation	3,011
Travel	262
	<hr/> 155,709 <hr/>
Excess (Deficit) of Revenues over Expenses	\$ 8,475 <hr/>