

FINANCIAL STATEMENTS
OF
THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.
AT
DECEMBER 31, 2016 AND 2015

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Certified Public Accountants

Stephen D. Givens, 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 financial statements of The German Shepherd Dog Club of America, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015 and the related statements of activities and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.
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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, 2016 and 2015 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

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



Certified Public Accountants

September 22, 2017

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015**

	2016	2015
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 230,796	\$ 188,360
Investments	251,573	297,839
Accounts Receivables	-	931
Inventory	5,353	7,584
Prepaid Expenses	15,236	16,303
Total Current Assets	502,958	511,017
Property and Equipment:		
Equipment and Furnishings	71,148	71,148
LESS - Accumulated Depreciation	71,148	70,269
Net Property and Equipment	-	879
TOTAL ASSETS	\$ 502,958	\$ 511,896
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 7,707	\$ 34,240
Deferred Revenue	99,034	120,582
Total Current Liabilities	106,741	154,822
Net Assets:		
Unrestricted Net Assets	363,346	354,582
Temporarily Restricted Net Assets:	32,871	2,492
Total Net Assets	396,217	357,074
TOTAL LIABILITIES AND NET ASSETS	\$ 502,958	\$ 511,896

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
UNRESTRICTED NET ASSETS		
Revenues, Gains and Other Support:		
Program	\$ 361,513	\$ 364,835
Dues	97,415	76,301
Contributions	63,660	55,116
Investment Income	2,497	2,564
Other Income	22,843	13,804
Total Revenues, Gains and Other Support	547,928	512,620
Expenses:		
Program	466,385	484,141
General and Administrative	75,739	63,349
Total Expenses	542,124	547,490
Operating Income (Loss)	5,804	(34,870)
Net Assets Released from Restrictions Used for Operations	1,696	95,393
Change in Net Unrealized Gains (Losses) on Investments	1,264	(1,162)
Increase (Decrease) in Unrestricted Net Assets	8,764	59,361
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	32,075	2,492
Net Assets Released from Restrictions Used for Operations	(1,696)	(95,393)
Increase (Decrease) in Temporarily Restricted Net Assets	30,379	(92,901)
Increase (Decrease) in Net Assets	39,143	(33,540)
Net Assets, Beginning of Year	357,074	390,614
Net Assets, End of Year	\$ 396,217	\$ 357,074

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 39,143	\$ (33,540)
Adjustments to Reconcile Change in Net Assets to Cash Provided (Used) by Operating Activities:		
Depreciation	879	5,350
Loss on Sale of Investments	560	-
Change in Net Unrealized (Gains) Losses on Investments	(1,264)	1,162
(Increase) Decrease in:		
Accounts Receivables	931	(328)
Inventory	2,231	(698)
Prepaid Expenses	1,067	8,788
Increase (Decrease) in:		
Accounts Payable	(26,533)	(7,601)
Deferred Revenues	(21,548)	39,645
Net Cash Provided (Used) by Operating Activities	(4,534)	12,778
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(3,030)	(2,537)
Proceeds from Sales of Investments	50,000	70,000
Net Cash Provided (Used) by Investing Activities	46,970	67,463
Net Increase (Decrease) in Cash and Cash Equivalents	42,436	80,241
Cash and Cash Equivalents at Beginning of Year	188,360	108,119
Cash and Cash Equivalents at End of Year	\$ 230,796	\$ 188,360

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

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 statements 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 both the years ended December 31, 2016 and 2015.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements 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. Depreciation expense for the years ended December 31, 2016 and 2015 was \$879 and \$5,350, respectively. 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.

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2016 AND 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Operating Income (Loss)

The statements of activities include 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 statements 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, 2016 AND 2015**

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 2013, 2014 and 2015 remain subject to examination by the IRS, generally for three years after they were filed.

NOTE 2 - FAIR VALUE MEASUREMENTS

Fair Values Measured on a Recurring Basis

Fair values of assets measured on a recurring basis at December 31, 2016 and 2015 are as follows:

	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)
<u>December 31, 2016</u>		
Cash and Cash Equivalents	\$ 3	\$ 3
Mutual Funds	<u>251,570</u>	<u>251,570</u>
Total	<u>\$ 251,573</u>	<u>\$ 251,573</u>
 <u>December 31, 2015</u>		
Cash and Cash Equivalents	\$ 203	\$ 203
Mutual Funds	<u>297,636</u>	<u>297,636</u>
Total	<u>\$ 297,839</u>	<u>\$ 297,839</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, 2016 AND 2015**

NOTE 2 - 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 statements of activities for the year ended December 31, 2016 are reported in investment income.

NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2016 and 2015 represent unexpended gifts from donors who specified that they were to be used for the following purposes:

	<u>2016</u>	<u>2015</u>
Junior Handlers Special Fund	\$ 6,156	\$ 2,492
Rescue Dogs	<u>26,715</u>	<u>0</u>
Total	<u>\$ 32,871</u>	<u>\$ 2,492</u>

NOTE 4 - RELATED PARTY TRANSACTION

For the years ended December 31, 2016 and 2015, the Organization paid an officer and member of the board of directors \$19,200 and \$19,200, respectively, for contract labor and a relative of the officer on the board of directors was paid \$300 and \$825 for custom work for the years ended December 31, 2016 and 2015, respectively.

NOTE 5 - CONCENTRATIONS

At December 31, 2016 and 2015, the Organization had investments with a fair market value of \$251,573 and \$297,839, respectively, which are subject to market risks inherent in the individual investments.

NOTE 6 - SUBSEQUENT EVENTS

The date to which events occurring after December 31, 2016, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is September 22, 2017, which is the date the financial statements were available to be issued.

NOTE 7 - CONTINGENCY

The Organization is vigorously defending a civil lawsuit that arose in 2014 and was dismissed without prejudice in 2015. Subsequently, the lawsuit was refiled in 2015 in another state than where it was originally filed. The lawsuit is covered by insurance. Legal counsel has advised that the matter is in the early stages of litigation/discovery. As a result it remains premature and/or difficult to forecast any potential damages or liability.

SUPPLEMENTARY INFORMATION



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

Certified Public Accountants

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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 years ended December 31, 2016 and 2015, and our report thereon dated September 22, 2017, 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

September 22, 2017

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**SCHEDULE I - OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General	Specialty	Futurities	Review	SV Program	Total
Revenues						
Program	\$ 10,229	\$ 118,526	\$ 31,367	\$ 129,755	\$ 71,636	\$ 361,513
Dues	97,415	-	-	-	-	97,415
Other Income	20,643	-	-	-	2,200	22,843
Investment Income	2,497	-	-	-	-	2,497
Contributions	10,435	32,793	13,452	-	6,980	63,660
Total Revenues	141,219	151,319	44,819	129,755	80,816	547,928
Expenses						
Program	81,870	113,850	30,188	145,248	95,229	466,385
General & Administrative	75,739	-	-	-	-	75,739
Total Other Expenses	157,609	113,850	30,188	145,248	95,229	542,124
Excess (Deficit) of Revenues over Expenses	\$ (16,390)	\$ 37,469	\$ 14,631	\$ (15,493)	\$ (14,413)	\$ 5,804

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**SCHEDULE II - GENERAL OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016
Revenues	
Program:	
Red Book	\$ 6,204
Web Page	4,025
Dues	97,415
Other Income	20,643
Investment Income	2,497
Contributions	207
Purina Parent Club Contributions	10,228
	<hr/> 141,219 <hr/>
Expenses	
Red Book	2,505
Web Page	37,458
Membership	207
Directors - Board Meetings	32,345
President	3,349
Treasurer	936
A.K.C. Delegate	197
Breed Rescue	1,200
Publicity	1,338
Regional Club Liaison	318
ROM Sires & Dams	2,017
Central Office	2,106
General & Administrative	48,345
Elections	6,943
Other Expenses	18,345
	<hr/> 157,609 <hr/>
Excess (Deficit) of Revenues over Expenses	<hr/> \$ (16,390) <hr/>

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**SCHEDULE III - SPECIALTY SHOW OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016
Revenues	
National	\$ 81,495
Herding - National	8,060
Agility - National	21,554
Temperament - National	3,419
National Preshow Income	3,998
Contributions	32,793
	<hr/> 151,319 <hr/>
Expenses	
National Show	87,029
Herding	6,558
Agility	12,713
Tracking	1,380
Awards	6,170
	<hr/> 113,850 <hr/>
Excess (Deficit) of Revenues over Expenses	<hr/> \$ 37,469 <hr/>

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**SCHEDULE IV - FUTURITIES SHOW OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016
Revenues	
Futurity - Current Year	\$ 10,590
Litter Nominations Region	8,517
Futurity Show Operations	12,260
Future - Trophy Contributions	13,452
	<hr/> 44,819 <hr/>
Expenses	
Catalog	1,823
Miscellaneous	52
Postage	539
Region Club Profit	15,368
Secretary Fees	675
Exhibitor Winner Payouts	4,706
Trophies	7,025
	<hr/> 30,188 <hr/>
Excess (Deficit) of Revenues over Expenses	<hr/> \$ 14,631 <hr/>

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**SCHEDULE V - REVIEW OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016
Revenues	
Advertising	\$ 37,325
Subscriptions	92,430
	<u>129,755</u>
Expenses	
Custom Work & Design	9,410
Editor	56,833
Postage and Handling Fees	10,057
Printing	68,948
	<u>145,248</u>
Excess (Deficit) of Revenues over Expenses	<u>\$ (15,493)</u>

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**SCHEDULE VI - SV PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016
Revenues	
National World Sieger Show	\$ 30,395
National IPO/FH Show	3,697
Universal Sieger Show	2,395
GSDCA & USCA Combined Trial	3,900
Product Sales	26,994
WUSV - Parking RV	4,255
Other Income	2,200
Contributions	6,980
	<hr/> 80,816 <hr/>
Expenses	
World Trial Travel	7,949
National World Sieger Show	27,537
National IPOI/FH Show Expense	11,071
Universal Sieger Show Expense	5,696
SV Program Administrator	19,200
SV Program Expenses	12,787
SV Program Office Expenses	2,849
GSDCA & USCA Combined Trial Expense	8,140
	<hr/> 95,229 <hr/>
Excess (Deficit) of Revenues over Expenses	\$ (14,413) <hr/>