

FINANCIAL STATEMENTS
OF
THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.
AT
DECEMBER 31, 2017 AND 2016

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Certified Public Accountants

Stephen D. Givens, CPA

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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 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, 2017 and 2016 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, 2017 and 2016 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

July 12, 2018

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016**

	2017	2016
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 212,040	\$ 230,796
Investments	325,464	251,573
Inventory	8,273	5,353
Prepaid Expenses	20,560	15,236
Total Current Assets	566,337	502,958
Property and Equipment:		
Equipment and Furnishings	71,148	71,148
LESS - Accumulated Depreciation	71,148	71,148
Net Property and Equipment	-	-
TOTAL ASSETS	\$ 566,337	\$ 502,958
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 20,097	\$ 7,707
Payable to GSDCA Charitable Trust	10,233	-
Deferred Revenue	128,735	99,034
Total Current Liabilities	159,065	106,741
Net Assets:		
Unrestricted Net Assets	379,055	363,346
Temporarily Restricted Net Assets:	28,217	32,871
Total Net Assets	407,272	396,217
TOTAL LIABILITIES AND NET ASSETS	\$ 566,337	\$ 502,958

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
UNRESTRICTED NET ASSETS		
Revenues, Gains and Other Support:		
Program	\$ 305,584	\$ 361,513
Dues	106,237	97,415
Contributions	58,644	63,660
Investment Income	4,327	2,497
Other Income	4,504	22,843
Total Revenues, Gains and Other Support	479,296	547,928
Expenses:		
Program	393,086	466,385
General and Administrative	70,240	75,739
Total Expenses	463,326	542,124
Operating Income (Loss)	15,970	5,804
Net Assets Released from Restrictions Used for Operations	-	1,696
Change in Net Unrealized Gains (Losses) on Investments	(261)	1,264
Increase (Decrease) in Unrestricted Net Assets	15,709	8,764
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	1,501	32,075
Transfer of Contributions to GSDCA Charitable Trust	(6,155)	-
Net Assets Released from Restrictions Used for Operations	-	(1,696)
Increase (Decrease) in Temporarily Restricted Net Assets	(4,654)	30,379
Increase (Decrease) in Net Assets	11,055	39,143
Net Assets, Beginning of Year	396,217	357,074
Net Assets, End of Year	\$ 407,272	\$ 396,217

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 11,055	\$ 39,143
Adjustments to Reconcile Change in Net Assets to Cash Provided (Used) by Operating Activities:		
Depreciation	-	879
Loss on Sale of Investments	-	560
Change in Net Unrealized (Gains) Losses on Investments	261	(1,264)
(Increase) Decrease in:		
Accounts Receivables	-	931
Inventory	(2,920)	2,231
Prepaid Expenses	(5,324)	1,067
Increase (Decrease) in:		
Accounts Payable	12,390	(26,533)
Payable to Charitable Trust	10,233	-
Deferred Revenues	29,701	(21,548)
Net Cash Provided (Used) by Operating Activities	55,396	(4,534)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(74,152)	(3,030)
Proceeds from Sales of Investments	-	50,000
Net Cash Provided (Used) by Investing Activities	(74,152)	46,970
Net Increase (Decrease) in Cash and Cash Equivalents	(18,756)	42,436
Cash and Cash Equivalents at Beginning of Year	230,796	188,360
Cash and Cash Equivalents at End of Year	\$ 212,040	\$ 230,796

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

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, 2017 and 2016.

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, 2017 and 2016 was none and \$879, 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, 2017 AND 2016

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, 2017 AND 2016**

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 2014, 2015 and 2016 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, 2017 and 2016 are as follows:

	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)
<u>December 31, 2017</u>		
Cash and Cash Equivalents	\$ 69,836	\$ 69,836
Mutual Funds	<u>255,627</u>	<u>255,627</u>
Total	<u>\$ 325,463</u>	<u>\$ 325,463</u>
 <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>

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, 2017 AND 2016**

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, 2017 are reported in investment income.

NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2017 and 2016 represent unexpended gifts from donors who specified that they were to be used for the following purposes:

	<u>2017</u>	<u>2016</u>
Rescue Dogs	\$ 26,715	\$ 26,715
2018 Futurity & Agility	1,502	0
Junior Handlers Special Fund	<u>0</u>	<u>6,156</u>
Total	<u>\$ 28,217</u>	<u>\$ 32,871</u>

NOTE 4 - RELATED PARTY TRANSACTION

For the years ended December 31, 2017 and 2016, the Organization paid an officer and member of the board of directors \$15,515 and \$19,200, respectively, for contract labor and a relative of the officer on the board of directors was paid none and \$300 for custom work for the years ended December 31, 2017 and 2016, respectively.

For the years ended December 31, 2017 and 2016, the Organization paid contributions to the German Shepherd Dog Club of America Charitable Trust \$21,352 and none, respectively. At December 31, 2017 and 2016, the Organization had contributions payable to the German Shepherd Dog Club of America Charitable Trust of \$10,233 and none, respectively.

For the years ended December 31, 2017 and 2016, the German Shepherd Dog Club of America Charitable Trust, Inc. reimbursed the Organization \$4,589 and \$422, respectively for expenses related to membership event, education, advertising and printing and copying.

NOTE 5 - CONCENTRATIONS

At December 31, 2017 and 2016, the Organization had investments with a fair market value of \$325,463 and \$251,573, 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, 2017, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is July 12, 2018, which is the date the financial statements were available to be issued.

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

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



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 years ended December 31, 2017 and 2016, and our report thereon dated July 12, 2018, 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 12, 2018

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**SCHEDULE I - OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Specialty	Futurities	Review	SV Program	Total
Revenues						
Program	\$ 5,950	\$ 120,484	\$ 28,808	\$ 117,616	\$ 32,726	\$ 305,584
Dues	106,237	-	-	-	-	106,237
Contributions	15,591	35,495	5,333	-	2,225	58,644
Investment Income	4,327	-	-	-	-	4,327
Other Income	4,504	-	-	-	-	4,504
Total Revenues	136,609	155,979	34,141	117,616	34,951	479,296
Expenses						
Program	76,290	104,384	23,562	136,988	51,862	393,086
General & Administrative	70,240	-	-	-	-	70,240
Total Other Expenses	146,530	104,384	23,562	136,988	51,862	463,326
Excess (Deficit) of Revenues over Expenses	\$ (9,921)	\$ 51,595	\$ 10,579	\$ (19,372)	\$ (16,911)	\$ 15,970

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**SCHEDULE II - GENERAL OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017
Revenues	
Program:	
Red Book	\$ 5,875
Web Page	75
Dues	106,237
Contributions	15,591
Investment Income	4,327
Other Income	4,504
	<hr/> 136,609 <hr/>
Expenses	
Red Book	2,590
Web Page	43,406
Membership	4,150
Directors - Board Meetings	22,869
President	371
Treasurer	49
A.K.C. Delegate	19
Video	180
Publicity	19
Regional Club Liaison	2,217
ROM Sires & Dams	420
Central Office	2,402
General & Administrative	44,048
Elections	7,880
Contributions to GSDCA Charitable Trust	15,197
Other Expenses	713
	<hr/> 146,530 <hr/>
Excess (Deficit) of Revenues over Expenses	<hr/> \$ (9,921) <hr/>

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**SCHEDULE III - SPECIALTY SHOW OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017
Revenues	
National	\$ 82,740
Herding - National	7,060
Agility - National	20,302
Tracking - National	760
Temperament - National	2,915
Lure Coursing Nationals	2,900
National Preshow Income	3,807
Contributions	35,495
	<hr/> 155,979 <hr/>
Expenses	
National Preshow Expense	106
National Show	70,772
Herding	4,535
Agility	10,004
Tracking	2,064
Temperament Test	1,240
Lure Coursing	1,533
Awards	14,130
	<hr/> 104,384 <hr/>
Excess (Deficit) of Revenues over Expenses	<hr/> \$ 51,595 <hr/>

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**SCHEDULE IV - FUTURITIES SHOW OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017
Revenues	
Futurity - Current Year	\$ 16,098
Litter Nominations Region	12,710
Futurity Trophy Contributions	5,333
	<hr/> 34,141 <hr/>
Expenses	
Catalog	432
Miscellaneous	133
Postage	56
Region Club Profit	13,648
Secretary Fees	431
Exhibitor Winner Payouts	3,117
Trophies	5,745
	<hr/> 23,562 <hr/>
Excess (Deficit) of Revenues over Expenses	\$ 10,579 <hr/>

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**SCHEDULE V - REVIEW OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017
Revenues	
Advertising	\$ 47,486
Subscriptions	70,130
	<u>117,616</u>
Expenses	
Editor	50,000
Miscellaneous	178
Postage and Handling Fees	26,144
Printing	60,666
	<u>136,988</u>
Excess (Deficit) of Revenues over Expenses	<u>\$ (19,372)</u>

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**SCHEDULE VI - SV PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017
Revenues	
National IPO/FH Show	\$ 4,310
Universal Sieger Show	6,862
GSDCA & USCA Combined Trial	92
Product Sales	21,462
Contributions	2,225
	<hr/> 34,951 <hr/>
Expenses	
National World Sieger Show	
National IPOI/FH Show Expense	15,254
Universal Sieger Show Expense	4,354
SV Program Administrator	12,000
SV Program Expenses	16,797
SV Program Office Expenses	1,722
GSDCA & USCA Combined Trial Expense	1,735
	<hr/> 51,862 <hr/>
Excess (Deficit) of Revenues over Expenses	\$ (16,911) <hr/>