

FINANCIAL STATEMENTS
OF
THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.
AT
DECEMBER 31, 2014 AND 2013

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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, 2014 and 2013 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, 2014 and 2013 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

February 3, 2016

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013**

	2014	2013
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 108,119	\$ 455,788
Investments	366,464	-
Accounts Receivables	603	12,864
Receivable - Related Party	-	15,000
Inventory	6,886	8,251
Prepaid Expenses	25,091	13,509
Total Current Assets	507,163	505,412
Property and Equipment:		
Equipment and Furnishings	73,788	73,788
LESS - Accumulated Depreciation	67,559	66,450
Net Property and Equipment	6,229	7,338
TOTAL ASSETS	\$ 513,392	\$ 512,750
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 41,841	\$ 13,000
Deferred Revenue	80,937	76,951
Total Current Liabilities	122,778	89,951
Net Assets:		
Unrestricted Net Assets	295,221	327,406
Temporarily Restricted Net Assets:	95,393	95,393
Total Net Assets	390,614	422,799
TOTAL LIABILITIES AND NET ASSETS	\$ 513,392	\$ 512,750

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
UNRESTRICTED NET ASSETS		
Revenues, Gains and Other Support:		
Program	\$ 354,334	\$ 497,299
Dues	68,001	74,653
Contributions	17,101	2,395
Investment Income	598	37
Other Income	34,151	59,819
Total Revenues, Gains and Other Support	474,185	634,203
Expenses:		
Program	432,323	678,793
General and Administrative	72,411	70,121
Total Expenses	504,734	748,914
Operating Income (Loss)	(30,549)	(114,711)
Change in Net Unrealized Gains (Losses) on Investments	(1,636)	-
Increase (Decrease) in Unrestricted Net Assets	(32,185)	(114,711)
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	-	10,994
Increase (Decrease) in Temporarily Restricted Net Assets	-	10,994
Decrease in Net Assets	(32,185)	(103,717)
Net Assets, Beginning of Year	422,799	526,516
Net Assets, End of Year	\$ 390,614	\$ 422,799

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in Net Assets	\$ (32,185)	\$ (103,717)
Adjustments to Reconcile Decrease in Net Assets to Cash Provided (Used) by Operating Activities:		
Depreciation	1,109	431
Change in Net Unrealized (Gains) Losses on Investments	1,636	-
(Increase) Decrease in:		
Accounts Receivables	12,261	(5,484)
Receivable - Related Party	15,000	-
Inventory	1,365	10,970
Prepaid Expenses	(11,582)	22,983
Increase (Decrease) in:		
Accounts Payable	28,841	(4,677)
Deferred Revenues	3,986	2,667
Net Cash Provided (Used) by Operating Activities	20,431	(76,827)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(368,100)	-
Purchase of Property and Equipment	-	(6,749)
Net Cash Provided (Used) by Investing Activities	(368,100)	(6,749)
Net Increase (Decrease) in Cash and Cash Equivalents	(347,669)	(83,576)
Cash and Cash Equivalents at Beginning of Year	455,788	539,364
Cash and Cash Equivalents at End of Year	\$ 108,119	\$ 455,788

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014 AND 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 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, 2014 and 2013.

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, 2014 and 2013 was \$1,109 and \$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.

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2014 AND 2013

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, 2014 AND 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 - FAIR VALUE MEASUREMENTS

Fair Values Measured on a Recurring Basis

Fair values of assets measured on a recurring basis at December 31, 2014 are as follows:

<u>December 31, 2014</u>	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>
Cash and Cash Equivalents	\$ 227	\$ 227
Mutual Funds	<u>366,237</u>	<u>366,237</u>
Total	<u>\$ 366,464</u>	<u>\$ 366,464</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.

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, 2014 are reported in investment income.

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014 AND 2013**

NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2014 and 2013 represent unexpended gifts from donors who specified that they were to be used for the following purposes:

	<u>2014</u>	<u>2013</u>
Purina Alliance	\$ 72,285	\$ 72,285
Purina Futurity - Restricted Funds	<u>23,108</u>	<u>23,108</u>
Total	<u>\$ 95,393</u>	<u>\$ 95,393</u>

NOTE 4 - RELATED PARTY TRANSACTION

At December 31, 2014 and 2013, the Organization has a receivable-related party of none and \$15,000, respectively, from The German Shepherd Dog Club of America Charitable Trust, an affiliate organization.

NOTE 5 - CONCENTRATIONS

At December 31, 2014 and 2013, the Organization had investments with a fair market value of \$366,464 and none, 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, 2014, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is February 3, 2016, 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. 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 years ended December 31, 2014 and 2013, and our report thereon dated February 3, 2016, 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

February 3, 2016

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**SCHEDULE I - OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Specialty	Futurities	Review	SV Program	Total
Revenues						
Program	\$ 15,164	\$ 139,871	\$ 34,655	\$ 142,415	\$ 22,229	\$ 354,334
Dues	68,001	-	-	-	-	68,001
Other Income	32,317	-	-	-	1,834	34,151
Investment Income	598	-	-	-	-	598
Contributions	14,892	-	1,189	-	1,020	17,101
Total Revenues	130,972	139,871	35,844	142,415	25,083	474,185
Expenses						
Program	76,965	122,892	31,339	155,154	45,973	432,323
General & Administrative	72,411	-	-	-	-	72,411
Total Other Expenses	149,376	122,892	31,339	155,154	45,973	504,734
Excess (Deficit) of Revenues over Expenses	\$ (18,404)	\$ 16,979	\$ 4,505	\$ (12,739)	\$ (20,890)	\$ (30,549)

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**SCHEDULE II - GENERAL OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014
Revenues	
Program:	
Red Book	\$ 8,284
Web Page	6,880
Dues	68,001
Other Income	32,317
Investment Income	598
Purina Parent Club Contributions	14,892
	<hr/> 130,972 <hr/>
Expenses	
Red Book	3,997
Web Page	22,293
Membership	217
Directors - Board Meetings	39,701
President	3,035
Corresponding Secretary	905
Treasurer	3,240
A.K.C. Delegate	551
Video	41
Breed Rescue	50
Publicity	215
Reg Club	500
ROM Sires & Dams	1,930
Thirteen Club	290
Central Office	1,601
General & Administrative	45,628
Elections	5,571
Other Expenses	19,611
	<hr/> 149,376 <hr/>
Excess (Deficit) of Revenues over Expenses	<hr/> \$ (18,404) <hr/>

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**SCHEDULE III - SPECIALTY SHOW OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014
Revenues	
National	\$ 98,335
Herding - National	8,445
Agility - National	26,201
Tracking - National	1,095
Temperament - National	2,245
National Preshow Income	3,550
	<hr/> 139,871 <hr/>
Expenses	
National Show	85,282
Herding	7,879
Agility	20,426
Tracking	1,805
Temperament Test	211
Awards	7,289
	<hr/> 122,892 <hr/>
Excess (Deficit) of Revenues over Expenses	<hr/> \$ 16,979 <hr/>

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**SCHEDULE IV - FUTURITIES SHOW OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014
Revenues	
Futurity - Current Year	\$ 28,045
Litter Nominations Region	6,610
Future - Trophy Contributions	1,189
	<hr/> 35,844 <hr/>
Expenses	
Advertising, Internal	1,896
Entry Processing	241
Catalog	672
Judges Expenses & Fees	469
Postage	443
Printing	1,085
Region Club Profit	16,653
Superintendent Fees	675
Supplies, Office	181
Trophies	9,024
	<hr/> 31,339 <hr/>
Excess (Deficit) of Revenues over Expenses	<hr/> \$ 4,505 <hr/>

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**SCHEDULE V - REVIEW OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014
Revenues	
Advertising	\$ 49,654
Subscriptions	92,761
	<u>142,415</u>
Expenses	
Change Order	117
Custom Work & Design	11,923
Editor	51,000
Miscellaneous	484
Postage	13,293
Postage 1st Class Mailing	985
Postage - Mail Preparation	3,117
Foreign Postage	2,085
Printing	66,647
Shipping & Handling	4,769
Transportation	734
	<u>155,154</u>
Excess (Deficit) of Revenues over Expenses	<u>\$ (12,739)</u>

THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

**SCHEDULE VI - SV PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014
Revenues	
Show Entries	\$ 21,649
Product Sales	580
Other Income	1,834
Contributions	1,020
	<hr/> 25,083 <hr/>
Expenses	
Show Expenses	15,644
Judges, Helpers, Travel & Lodging	12,542
Program Administrator	8,000
Office Supplies & Postage	5,195
Other Expenses	4,592
	<hr/> 45,973 <hr/>
Excess (Deficit) of Revenues over Expenses	<hr/> \$ (20,890) <hr/>