

FINANCIAL STATEMENTS  
OF  
THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.  
AT  
DECEMBER 31, 2015 AND 2014

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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, 2015 and 2014 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, 2015 and 2014 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 22, 2016

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

**STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2015 AND 2014**

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 188,360	\$ 108,119
Investments	297,839	366,464
Accounts Receivables	931	603
Inventory	7,584	6,886
Prepaid Expenses	16,303	25,091
Total Current Assets	511,017	507,163
Property and Equipment:		
Equipment and Furnishings	71,148	73,788
LESS - Accumulated Depreciation	70,269	67,559
Net Property and Equipment	879	6,229
<b>TOTAL ASSETS</b>	<b>\$ 511,896</b>	<b>\$ 513,392</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts Payable	\$ 34,240	\$ 41,841
Deferred Revenue	120,582	80,937
Total Current Liabilities	154,822	122,778
Net Assets:		
Unrestricted Net Assets	354,582	295,221
Temporarily Restricted Net Assets:	2,492	95,393
Total Net Assets	357,074	390,614
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 511,896</b>	<b>\$ 513,392</b>

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

**STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<b>2015</b>	<b>2014</b>
<b>UNRESTRICTED NET ASSETS</b>		
Revenues, Gains and Other Support:		
Program	\$ 364,835	\$ 354,334
Dues	76,301	68,001
Contributions	55,116	17,101
Investment Income	2,564	598
Other Income	13,804	34,151
Total Revenues, Gains and Other Support	512,620	474,185
Expenses:		
Program	484,141	432,323
General and Administrative	63,349	72,411
Total Expenses	547,490	504,734
Operating Income (Loss)	(34,870)	(30,549)
Net Assets Released from Restrictions Used for Operations	95,393	-
Change in Net Unrealized Gains (Losses) on Investments	(1,162)	(1,636)
Increase (Decrease) in Unrestricted Net Assets	59,361	(32,185)
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	2,492	-
Net Assets Released from Restrictions Used for Operations	(95,393)	-
Increase (Decrease) in Temporarily Restricted Net Assets	(92,901)	-
Decrease in Net Assets	(33,540)	(32,185)
Net Assets, Beginning of Year	390,614	422,799
Net Assets, End of Year	\$ 357,074	\$ 390,614

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

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in Net Assets	\$ (33,540)	\$ (32,185)
Adjustments to Reconcile Decrease in Net Assets to Cash Provided (Used) by Operating Activities:		
Depreciation	5,350	1,109
Change in Net Unrealized (Gains) Losses on Investments	1,162	1,636
(Increase) Decrease in:		
Accounts Receivables	(328)	12,261
Receivable - Related Party	-	15,000
Inventory	(698)	1,365
Prepaid Expenses	8,788	(11,582)
Increase (Decrease) in:		
Accounts Payable	(7,601)	28,841
Deferred Revenues	39,645	3,986
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>12,778</b>	<b>20,431</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(2,537)	(368,100)
Proceeds from Sales of Investments	70,000	-
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>67,463</b>	<b>(368,100)</b>
Net Increase (Decrease) in Cash and Cash Equivalents	80,241	(347,669)
Cash and Cash Equivalents at Beginning of Year	108,119	455,788
Cash and Cash Equivalents at End of Year	\$ 188,360	\$ 108,119

# THE GERMAN SHEPHERD DOG CLUB OF AMERICA, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

### 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, 2015 and 2014.

#### **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, 2015 and 2014 was \$5,350 and \$1,109, 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, 2015 AND 2014

### 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, 2015 AND 2014**

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 2012, 2013 and 2014 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, 2015 and 2014 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>
<i><u>December 31, 2015</u></i>		
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>
 <i><u>December 31, 2014</u></i>		
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.

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014**

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, 2015 are reported in investment income.

NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2015 and 2014 represent unexpended gifts from donors who specified that they were to be used for the following purposes:

	<u>2015</u>	<u>2014</u>
Junior Handlers Special Fund	\$ 2,492	\$ 0
Purina Alliance	0	72,285
Purina Futurity - Restricted Funds	<u>0</u>	<u>23,108</u>
Total	<u>\$ 2,492</u>	<u>\$ 95,393</u>

NOTE 4 - RELATED PARTY TRANSACTION

For the years ended December 31, 2015 and 2014, the Organization paid an officer and member of the board of directors \$19,200 and \$8,000, respectively, for contract labor and a relative of the officer on the board of directors was paid \$825 for custom work for the year ended December 31, 2015.

NOTE 5 - CONCENTRATIONS

At December 31, 2015 and 2014, the Organization had investments with a fair market value of \$297,839 and \$366,464, 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, 2015, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is July 22, 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 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 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, 2015 and 2014, and our report thereon dated July 22, 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

July 22, 2016

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

**SCHEDULE I - OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>General</b>	<b>Specialty</b>	<b>Futurities</b>	<b>Review</b>	<b>SV Program</b>	<b>Total</b>
<b>Revenues</b>						
Program	\$ 10,197	\$ 136,637	\$ 28,748	\$ 142,986	\$ 46,267	\$ 364,835
Dues	76,301	-	-	-	-	76,301
Other Income	12,904	-	-	-	900	13,804
Investment Income	2,564	-	-	-	-	2,564
Contributions	17,062	28,004	4,328	-	5,722	55,116
<b>Total Revenues</b>	<b>119,028</b>	<b>164,641</b>	<b>33,076</b>	<b>142,986</b>	<b>52,889</b>	<b>512,620</b>
<b>Expenses</b>						
Program	100,200	116,388	29,148	142,339	96,066	484,141
General & Administrative	63,349	-	-	-	-	63,349
<b>Total Other Expenses</b>	<b>163,549</b>	<b>116,388</b>	<b>29,148</b>	<b>142,339</b>	<b>96,066</b>	<b>547,490</b>
<b>Excess (Deficit) of Revenues over Expenses</b>	<b>\$ (44,521)</b>	<b>\$ 48,253</b>	<b>\$ 3,928</b>	<b>\$ 647</b>	<b>\$ (43,177)</b>	<b>\$ (34,870)</b>

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

**SCHEDULE II - GENERAL OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>2015</b>
<b>Revenues</b>	
Program:	
Red Book	\$ 7,422
Web Page	2,775
Dues	76,301
Other Income	12,904
Investment Income	2,564
Contributions	6,275
Purina Parent Club Contributions	10,787
	<hr/> 119,028 <hr/>
<b>Expenses</b>	
Red Book	2,866
Web Page	45,816
Membership	2,049
Directors - Board Meetings	31,648
President	4,197
Corresponding Secretary	294
Treasurer	1,744
A.K.C. Delegate	1,517
Video	145
Breed Rescue	2,974
Publicity	2,346
ROM Sires & Dams	4,604
Central Office	3,842
General & Administrative	39,361
Elections	5,351
Other Expenses	14,795
	<hr/> 163,549 <hr/>
Excess (Deficit) of Revenues over Expenses	\$ (44,521) <hr/>

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

**SCHEDULE III - SPECIALTY SHOW OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>2015</b>
<b>Revenues</b>	
National	101,125
Herding - National	7,190
Agility - National	20,924
Tracking - National	600
Temperament - National	3,146
National Preshow Income	3,652
Contributions	28,004
	<hr/> 164,641
<b>Expenses</b>	
National Show	84,452
Herding	7,018
Agility	15,935
Tracking	1,896
Temperament Test	928
Awards	6,159
	<hr/> 116,388
Excess (Deficit) of Revenues over Expenses	<hr/> \$ 48,253 <hr/>



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

**SCHEDULE IV - FUTURITIES SHOW OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>2015</b>
<b>Revenues</b>	
Futurity - Current Year	\$ 20,929
Litter Nominations Region	7,819
Future - Trophy Contributions	4,328
	<hr/> 33,076 <hr/>
<b>Expenses</b>	
Advertising, Internal	2,408
Catalog	1,566
Judges Expenses & Fees	450
Postage	523
Region Club Profit	15,894
Secretary Fees	675
Trophies	7,632
	<hr/> 29,148 <hr/>
Excess (Deficit) of Revenues over Expenses	\$ 3,928 <hr/>

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

**SCHEDULE V - REVIEW OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>2015</b>
<b>Revenues</b>	
Advertising	\$ 52,028
Subscriptions	90,958
	<hr/> 142,986 <hr/>
<b>Expenses</b>	
Custom Work & Design	12,735
Editor	51,000
Miscellaneous	568
Postage and Handling Fees	12,692
Printing	65,344
	<hr/> 142,339 <hr/>
Excess (Deficit) of Revenues over Expenses	\$ 647 <hr/>

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

**SCHEDULE VI - SV PROGRAM  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>2015</b>
<b>Revenues</b>	
National World Sieger Show	\$ 25,097
National IPO/FH Show	3,238
Universal Sieger Show	2,873
Product Sales	15,059
Other Income	900
Contributions	5,722
	<hr/> 52,889 <hr/>
<b>Expenses</b>	
WDS Travel	2,715
National World Sieger Show	28,248
National IPOI/FH Show Expense	16,991
Universal Sieger Show Expense	7,328
SV Program Administrator	19,200
SV Program Expenses	9,786
SV Program Office Expenses	2,217
GSDCA & USCA Combined Trial Expense	9,581
	<hr/> 96,066 <hr/>
Excess (Deficit) of Revenues over Expenses	\$ (43,177) <hr/>