

**WORKING ANIMALS  
GIVING SERVICE FOR KIDS, INC.  
FINANCIAL STATEMENTS  
Year Ended  
December 31, 2018**

Corrigan  Krause  
Certified Public Accountants

**WORKING ANIMALS GIVING SERVICE FOR KIDS, INC.**  
**FINANCIAL STATEMENTS**  
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# Corrigan Krause

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Management  
Working Animals Giving Service For Kids, Inc.  
Berea, Ohio

We have audited the accompanying financial statements of Working Animals Giving Service For Kids, Inc. (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2018, and the related statement of activities, functional expenses, 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.

### **Auditors' 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 auditors' 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.

## INDEPENDENT AUDITORS' REPORT (continued)

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Working Animals Giving Service for Kids, Inc. as of December 31, 2018, 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.



Westlake, Ohio  
June 21, 2019

**WORKING ANIMALS GIVING SERVICE FOR KIDS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2018**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 459,488
Promises to give	<u>22,000</u>

<b>TOTAL CURRENT ASSETS</b>	<u><u>\$ 481,488</u></u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Credit card payable	\$ 2,101
Accrued payroll	<u>18,328</u>

<b>TOTAL CURRENT LIABILITIES</b>	20,429
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**NET ASSETS**

Without donor restrictions	
Undesignated	<u>461,059</u>

<b>TOTAL NET ASSETS</b>	<u>461,059</u>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 481,488</u></u>
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See accompanying notes and independent auditors' report.



**WORKING ANIMALS GIVING SERVICE FOR KIDS, INC.**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND SUPPORT</b>			
Revenues and support			
Grants	\$ 34,000	\$ -	\$ 34,000
Special events, net expenses of \$21,860	104,491		104,491
Contributions from fundraisers held by others	109,077	-	109,077
Partner placement	72,964	-	72,964
Contributions	33,229	-	33,229
Other income	2,047	-	2,047
Net assets released from restrictions	-	-	-
<b>Total revenues and support</b>	355,808	-	355,808
<b>EXPENSES</b>			
Program expenses	177,740	-	177,740
Management and general	88,307	-	88,307
Fundraising	32,804	-	32,804
<b>Total expenses</b>	298,851	-	298,851
<b>Change in net assets</b>	56,957	-	56,957
<b>Prior period adjustment, Note D</b>	(14,300)	-	(14,300)
<b>Net assets at beginning of year</b>	418,402	-	418,402
<b>Net assets at end of year</b>	\$ 461,059	\$ -	\$ 461,059

See accompanying notes and independent auditors' report.

**WORKING ANIMALS GIVING SERVICE FOR KIDS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended December 31, 2018**

	Program Expenses	Supporting Services		Totals
		Management and General	Fundraising	
Compensation and related expenses				
Salaries and wages	\$ 128,952	\$ 58,746	\$ 29,583	\$ 217,281
Payroll taxes	10,785	6,889	2,049	19,723
	<u>139,737</u>	<u>65,635</u>	<u>31,632</u>	<u>237,004</u>
Professional	8,000	2,865	-	10,865
Marketing	-	8,964	-	8,964
Dog purchases	7,000	-	-	7,000
Veterinarian	6,588	-	-	6,588
Education	6,219	-	-	6,219
Dog supplies	5,441	-	-	5,441
Subcontractor	1,330	924	110	2,364
Office supplies	-	3,685	-	3,685
Phone and internet	-	2,907	-	2,907
Prison program	1,953	-	-	1,953
Postage	-	1,405	-	1,405
Travel	1,255	-	-	1,255
Insurance	-	1,104	-	1,104
Advertising	-	-	1,062	1,062
Licenses and permits	-	754	-	754
Program	217	-	-	217
Bank fees	-	64	-	64
	<u>-</u>	<u>64</u>	<u>-</u>	<u>64</u>
<b>Total expenses</b>	<u>\$ 177,740</u>	<u>\$ 88,307</u>	<u>\$ 32,804</u>	<u>\$ 298,851</u>

See accompanying notes and independent auditors' report.

**WORKING ANIMALS GIVING SERVICE FOR KIDS, INC.**  
**STATEMENT OF CASH FLOWS**  
**Year Ended December 31, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 56,957
Adjustments to reconcile change in net assets to net cash provided by operating activities	
(Increase) decrease in current assets	
Promises to give	(22,000)
Increase (decrease) in current liabilities	
Accounts payable	(2,060)
Credit card payable	2,101
Accrued payroll	<u>4,028</u>
 <b>Net Cash Provided by Operating Activities</b>	 39,026
 <b>Cash and Cash Equivalents at Beginning of Year</b>	 <u>420,462</u>
 <b>Cash and Cash Equivalents at End of Year</b>	 <u><u>\$ 459,488</u></u>

**SUPPLEMENTAL DISCLOSURE OF  
CASH FLOW INFORMATION:**

Cash paid during the year for interest	<u>\$ -</u>
Cash paid during the year for taxes	<u>\$ -</u>

See accompanying notes and independent auditors' report.



**WORKING ANIMALS GIVING SERVICE FOR KIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF ACTIVITIES**

Founded in 2004 and incorporated in 2006, Working Animals Giving Service for Kids, Inc. (the Organization), is a not-for-profit corporation dedicated to providing mobility and autism service dogs for children throughout Northeast and Central Ohio utilizing an award-winning Ohio Department of Rehabilitation and Correction (ODRC) accredited Cell Dog Training Program.

**BASIS OF PRESENTATION**

The financial statements of the Organization have been prepared using accrual accounting and accordingly reflect all significant receivables, payables, and other liabilities. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in FASB ASC 958, which requires the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. A description of these categories follows:

Net assets without donor restrictions are available for use in general operations and not subject to donor (or grantor) restrictions.

Net assets with donor restrictions are subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual, where the donor stipulated that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when restrictions expire, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organization had no net assets with donor restrictions as of December 31, 2018.

**CASH AND CASH EQUIVALENTS**

In preparing the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**CONCENTRATIONS OF CREDIT RISK**

The Organization maintains its cash balances in multiple accounts at one financial institution. The accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000.

**WORKING ANIMALS GIVING SERVICE FOR KIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

PROMISES TO GIVE

Promises to give consist of sponsorships and other promises to give from individuals and corporations. Promises to give are recorded at their net present value and as they are expected to be collected within one year, a discount rate has not been applied. The Organization determines the allowance for uncollectability based on historical experience, an assessment of economic conditions, and review of subsequent collections. Promises to give are written off when deemed uncollectable. At December 31, 2018, there was no allowance recorded and these amounts were subsequently collected in 2019.

CONTRIBUTIONS

All contributions are considered without donor-restrictions unless specifically restricted by the donor. Donated items are reflected as contributions at their estimated fair market value at the time of donation.

TAX STATUS

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and applicable state laws. The Organization follows the accounting guidance for uncertainty in income taxes. The Organization's income tax filings are subject to audit by various taxing authorities. In evaluating the Organization's activities, the Organization believes its position of tax-exempt status is based on current facts and circumstances. The Organization has further assessed that there are no activities unrelated to the purpose of the Organization and therefore no tax is to be recognized in the accompanying financial statements.

ADVERTISING

The Organization uses advertising to promote its programs among the audience it serves. Advertising costs are expensed when incurred. Advertising expense was \$1,062 for the year ended December 31, 2018.

USE OF ESTIMATES

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenue and expenses during the reporting period. Actual results could differ from these estimates.



**WORKING ANIMALS GIVING SERVICE FOR KIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**FAIR VALUE MEASUREMENTS**

FASB ASC 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described below:

- |         |   |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.   |
| Level 2 | Inputs to the valuation methodology include: <ul style="list-style-type: none"><li>▪ Quoted prices for similar assets or liabilities in active markets;</li><li>▪ Quoted prices for identical or similar assets or liabilities in inactive markets;</li><li>▪ Inputs other than quoted prices that are observable for the asset or liability;</li><li>▪ Inputs that are derived principally from or corroborated by observable market data by correlation or other means.</li></ul> |

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- |         |  |
|---------|--|
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value the fair value measurement. |
|---------|--|

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization's financial assets and liabilities consist of cash and cash equivalents, promises to give and credit card payable. The carrying value of cash and cash equivalents, promises to give, and credit card payable approximate fair value to the short-term maturity of these instruments.

**REVENUE RECOGNITION**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**WORKING ANIMALS GIVING SERVICE FOR KIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)**

**RECENT ACCOUNTING PRONOUNCEMENTS**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updated (ASU) 2014-09, *Revenue from Contracts with Customers*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FASB has deferred the effective date for the Organization until annual periods beginning after December 15, 2018. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. The Organization is evaluating the impact of adopting this new accounting standard on the financial statements and believes the impact will be immaterial.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. The new standard is effective for the Organization for the year ending December 31, 2020. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the effect the provisions of ASU 2016-02 will have on the financial statements.

**CHANGE IN ACCOUNTING PRINCIPLE**

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about the liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly.



**WORKING ANIMALS GIVING SERVICE FOR KIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**NOTE B – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure without donor or other restrictions limiting their use, within one year of the balance sheet date are comprised of the following at December 31, 2018:

Cash and cash equivalents	\$ 459,488
Promises to give	22,000
	<u>\$ 481,488</u>

As part of the Organization's liquidity measurement plan, cash in excess of daily requirements is invested in a savings account.

**NOTE C – FUNCTIONALIZED EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and payroll taxes which are allocated on the basis of estimates of time and effort.

**NOTE D – PRIOR PERIOD ADJUSTMENT**

The Company recorded a prior period adjustment to restate January 1, 2018 net assets without donor restrictions to properly account for accrued payroll. The total impact of the prior period adjustment was a reduction in retained earnings in the amount of \$14,300.

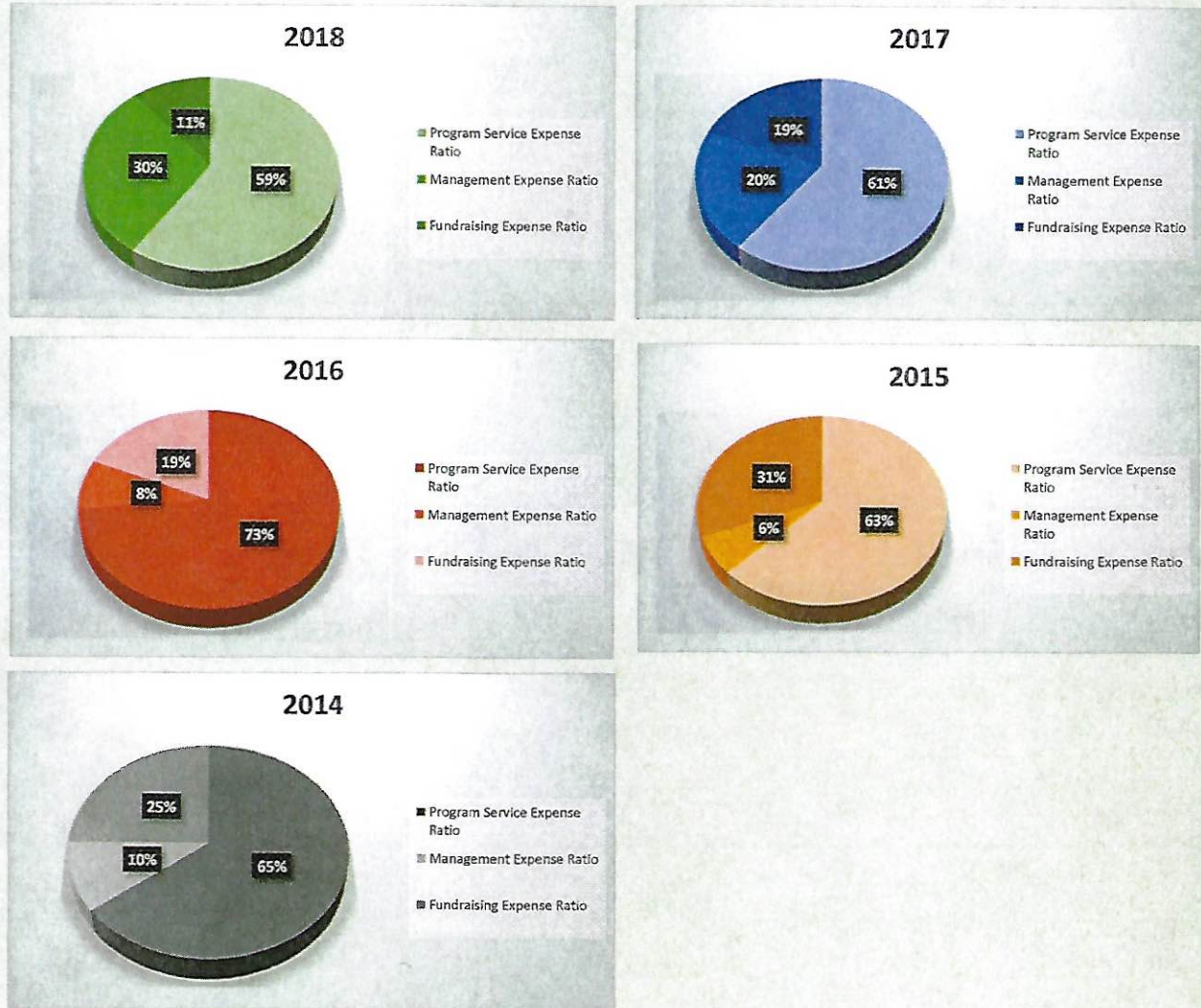
**NOTE E – EVALUATION OF SUBSEQUENT EVENTS**

The Organization has evaluated events through June 21, 2019, the date at which the financial statements were available to be issued.





# Financial Metrics



	2018	2017	2016	2015	2014
Fundraising Efficiency	\$0.09	\$0.12	\$0.14	\$0.25	\$0.19