



**WORKING ANIMALS GIVING SERVICE  
FOR KIDS, INC.  
FINANCIAL STATEMENTS  
Year Ended December 31, 2022**

Corrigan **C**K Krause  
CPAs and Consultants

**WORKING ANIMALS GIVING SERVICE FOR KIDS, INC.**  
**FINANCIAL STATEMENTS**  
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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors and Management  
Working Animals Giving Service For Kids, Inc.

We have reviewed the accompanying financial statements of Working Animals Giving Service For Kids, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **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.

### **Accountants' Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Working Animals Giving Service For Kids, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### **Accountants' Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Westlake, Ohio  
June 21, 2023

**WORKING ANIMALS GIVING SERVICE FOR KIDS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2022**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 501,179
Donations receivable	500
Related party receivable	<u>477,199</u>

<b>TOTAL CURRENT ASSETS</b>	<u><u>\$ 978,878</u></u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 4,344
Credit card payable	<u>208</u>

<b>TOTAL CURRENT LIABILITIES</b>	4,552
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**NET ASSETS**

Without donor restrictions	
Undesignated	<u>974,326</u>

<b>TOTAL NET ASSETS</b>	<u>974,326</u>
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<u><u>\$ 978,878</u></u>
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See accompanying notes and independent accountants' review report.

**WORKING ANIMALS GIVING SERVICE FOR KIDS, INC.**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2022**

	<u>Without Donor Restrictions</u>
<b>REVENUES AND SUPPORT</b>	
Special events	\$ 170,479
Outside special events	156,603
Partner placement	76,911
Grants	25,291
Contributions of nonfinancial assets	10,669
Contributions of cash and other financial assets	7,240
Other income	<u>964</u>
<b>Total Revenues and Support</b>	448,157
<b>OPERATING EXPENSES</b>	
Program expenses	208,109
Management and general	41,511
Fundraising	<u>38,857</u>
<b>Total Operating Expenses</b>	<u>288,477</u>
<b>Change in Net Assets from Operations</b>	159,680
<b>CHANGE IN NET ASSETS</b>	159,680
<b>Net assets at beginning of year</b>	<u>814,646</u>
<b>Net assets at end of year</b>	<u><u>\$ 974,326</u></u>

See accompanying notes and independent accountants' review report.

**WORKING ANIMALS GIVING SERVICE FOR KIDS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended December 31, 2022**

	Program Expenses	Supporting Services		Totals
		Management and General	Fundraising	
Compensation and related expenses				
Salaries and wages	\$ 139,922	\$ 13,912	\$ 7,684	\$ 161,518
Payroll taxes	10,833	1,077	595	12,505
	<u>150,755</u>	<u>14,989</u>	<u>8,279</u>	<u>174,023</u>
Fundraising event expenses	-	-	29,084	29,084
Dog supplies	17,573	-	-	17,573
Dog purchases	11,100	-	-	11,100
Veterinarian	10,916	-	-	10,916
Subcontractor	8,832	-	-	8,832
Insurance	-	7,885	-	7,885
Office supplies	-	6,232	-	6,232
Professional	-	5,494	-	5,494
Education	3,917	-	-	3,917
Marketing	-	3,212	-	3,212
Travel	2,434	-	-	2,434
Phone and internet	-	1,604	-	1,604
Advertising	-	-	1,494	1,494
Prison program	1,493	-	-	1,493
Postage	-	1,275	-	1,275
Miscellaneous	1,089	-	-	1,089
Licenses and permits	-	820	-	820
	<u>-</u>	<u>820</u>	<u>-</u>	<u>820</u>
<b>Total expenses</b>	<u><u>\$ 208,109</u></u>	<u><u>\$ 41,511</u></u>	<u><u>\$ 38,857</u></u>	<u><u>\$ 288,477</u></u>

See accompanying notes and independent accountants' review report.

**WORKING ANIMALS GIVING SERVICE FOR KIDS, INC.**  
**STATEMENT OF CASH FLOWS**  
**Year Ended December 31, 2022**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 159,680
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
(Increase) decrease in current assets	
Donations receivable	16,457
Related party receivable	(477,199)
Increase (decrease) in current liabilities	
Accounts payable	1,717
Credit card payable	208
	<hr/>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(299,137)</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from sales of investments	<hr/> 299,573
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>299,573</b>

**NET INCREASE IN CASH AND CASH EQUIVALENTS** 436

**Cash and Cash Equivalents at Beginning of Year** 

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500,743

**Cash and Cash Equivalents at End of Year** 

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\$ 501,179

See accompanying notes and independent accountants' review report.

**WORKING ANIMALS GIVING SERVICE FOR KIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022**

**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 on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities* 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, 2022.

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 cash and certificate of deposit balances at various banks. Federal Deposit Insurance Corporation insures accounts at each institution up to \$250,000 at December 31, 2022. The Organization's savings account balances did exceed \$250,000 throughout the year.



**WORKING ANIMALS GIVING SERVICE FOR KIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022**

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

REVENUE RECOGNITION

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

TAX STATUS

The Organization is organized as an Ohio nonprofit corporation and have been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 509(a)(2). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. We have determined that the Organization is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

ADVERTISING

The Organization uses advertising to promote its programs among the audience it serves. Advertising costs are expensed when incurred. Advertising expense was \$1,494 for the year ended December 31, 2022.

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, 2022**

**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, donations receivable, related party receivable, accounts payable and credit card payable. The carrying value of cash and cash equivalents, donations receivable, related party receivable, accounts payable and credit card payable approximate fair value due to the short-term maturity of these instruments and are all level 1.

**WORKING ANIMALS GIVING SERVICE FOR KIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022**

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

FUNCTIONAL ALLOCATION OF 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.

CONTRIBUTED SERVICES AND IN-KIND CONTRIBUTIONS

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958). This update addresses presentation and disclosure of contributed nonfinancial assets and requires a nonprofit to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, disclose contributed nonfinancial assets recognized within the statement of activities disaggregated by category that depicts the type of contributed nonfinancial assets, and, for each category of contributed nonfinancial assets recognized, include additional qualitative and quantitative disclosures. The ASU is to be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021 and interim periods within annual periods beginning after June 15, 2022.

The Organization adopted ASU 2020-07 effective January 1, 2022. The Organization recognizes significant contributions of services received when those services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by the donation. Contributed goods are recorded at fair value. The Organization recognized \$10,669 of contributed services and goods for the year end December 31, 2022.

The Organization's policy is to use contributed nonfinancial assets for programmatic or other purposes, unless the assets have no utility consistent with the Organization's mission. In those instances, the assets would be monetized.

RECENT ACCOUNTING PRONOUNCEMENT

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This standard requires all leases that have a term of over 12 months to be recognized on the statement of financial position with the liability for lease payments and the corresponding right-of-use asset initially measured at the present value of amounts expected to be paid over the term. Recognition of the costs of these leases on the statement of activities will be dependent upon their classification as either an operating or a financing lease. Costs of an operating lease will continue to be recognized as a single operating expense on a straight-line basis over the lease term. Costs for a financing lease will be disaggregated and recognized as both an operating expense (for the amortization of the right-of-use asset) and interest expense (for interest on the lease liability). This standard is effective for annual periods beginning after December 15, 2021.

**WORKING ANIMALS GIVING SERVICE FOR KIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022**

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

RECENT ACCOUNTING PRONOUNCEMENT (continued)

The Organization adopted these ASUs effective January 1, 2022 and utilized all of the available practical expedients. The adoption had no impact on the Organization's financials since there were no material leases in place.

**NOTE B – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure without donor or other restrictions limiting their use, within one year of the statement of financial position date are comprised of cash and cash equivalents of \$501,179.

As part of the Organization's liquidity management, the Organization structures its financial assets to be available as general expenditures, liabilities, and other obligations become due.

As of January 4, 2022, the Organization completed the transfer of its investment account to a related organized Working Animals Giving Service For Kids Foundation Inc. (WAGS Foundation). The Foundation was organized for the sole purpose of an endowment to support Workings Animals Giving Service for Kids, Inc. and its beneficiaries.

**NOTE C – RELATED PARTY TRANSACTIONS**

As previously discussed in Note B, the Organization transferred startup funds and investments to a related party. The related party, WAGS Foundation, has common ownership with the Organization. As of December 31, 2022, the Organization had related party receivable in the amount of \$477,199.

**NOTE D – CONTRIBUTED NONFINANCIAL ASSETS**

For the year ended December 31, 2022, contributed nonfinancial assets recognized within the statement of activities included dog food of \$10,669. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Contributed dog food was utilized for programmatic purposes.

**NOTE E – EVALUATION OF SUBSEQUENT EVENTS**

The Organization has evaluated events through June 21, 2023, the date at which the financial statements were available to be issued.