



**WORKING ANIMALS GIVING SERVICE  
FOR KIDS, INC.  
FINANCIAL STATEMENTS  
Year Ended December 31, 2021**

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, 2021, 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  
February 22, 2022

**WORKING ANIMALS GIVING SERVICE FOR KIDS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2021**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 500,743
Donations receivable	16,957
Investments	<u>299,573</u>

<b>TOTAL CURRENT ASSETS</b>	<u><u>\$ 817,273</u></u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	<u>\$ 2,627</u>
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<b>TOTAL CURRENT LIABILITIES</b>	2,627
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**NET ASSETS**

Without donor restrictions	
Undesignated	<u>814,646</u>

<b>TOTAL NET ASSETS</b>	<u>814,646</u>
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	<u><u>\$ 817,273</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, 2021**

	<u>Without Donor Restrictions</u>
<b>REVENUES AND SUPPORT</b>	
Special events	\$ 142,108
Outside special events	107,013
Partner placement	97,705
Contributions	45,478
Grants	9,288
Investment, net of fees	13,736
Other income	<u>1,223</u>
<b>Total Revenues and Support</b>	416,551
<b>OPERATING EXPENSES</b>	
Program expenses	191,928
Management and general	45,311
Fundraising	<u>43,163</u>
<b>Total Operating Expenses</b>	<u>280,402</u>
<b>Change in Net Assets from Operations</b>	136,149
Non-operating Income	
Forgiveness of Paycheck Protection Program	38,500
Employee Retention Credit	<u>19,518</u>
<b>Total Non-Operating income</b>	58,018
<b>CHANGE IN NET ASSETS</b>	194,167
<b>Net assets at beginning of year</b>	<u>620,479</u>
<b>Net assets at end of year</b>	<u><u>\$ 814,646</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, 2021**

	Program Expenses	Supporting Services		Totals
		Management and General	Fundraising	
Compensation and related expenses				
Salaries and wages	\$ 119,490	\$ 25,217	\$ 10,762	\$ 155,469
Payroll taxes	13,971	2,721	1,183	17,875
	<u>133,461</u>	<u>27,938</u>	<u>11,945</u>	<u>173,344</u>
Fundraising event expenses	-	-	30,336	30,336
Subcontractor	20,187	-	-	20,187
Veterinarian	11,940	-	-	11,940
Dog purchases	8,950	-	-	8,950
Education	6,111	-	-	6,111
Marketing	-	5,425	-	5,425
Professional	-	4,990	-	4,990
Miscellaneous	4,773	-	-	4,773
Prison program	3,578	-	-	3,578
Insurance	-	1,935	-	1,935
Phone and internet	-	1,844	-	1,844
Postage	-	1,811	-	1,811
Dog supplies	1,808	-	-	1,808
Office supplies	-	1,264	-	1,264
Travel	1,120	-	-	1,120
Advertising	-	-	882	882
Licenses and permits	-	104	-	104
	<u>-</u>	<u>104</u>	<u>-</u>	<u>104</u>
<b>Total expenses</b>	<u><u>\$ 191,928</u></u>	<u><u>\$ 45,311</u></u>	<u><u>\$ 43,163</u></u>	<u><u>\$ 280,402</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, 2021**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 194,167
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Realized (gain) loss from investments	(7,496)
Unrealized (gain) loss from investments	(480)
Forgiveness of Paycheck Protection Program	(38,500)
(Increase) decrease in current assets	
Donations receivable	(16,957)
Increase (decrease) in current liabilities	
Accounts payable	1,383
Accrued payroll	(18,071)
	<hr/>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>114,046</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from sales of investments	234,748
Purchases of investments	(257,922)
	<hr/>
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(23,174)</b>

**CASH FLOWS FROM FINANCING ACTIVITY**

Proceeds from Paycheck Protection Program	38,500
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<b>Net Cash Provided by (Used in) Financing Activity</b>	<b>38,500</b>

**NET INCREASE IN CASH AND CASH EQUIVALENTS** 129,372

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

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371,371

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

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\$ 500,743

See accompanying notes and independent accountants' review report.

**WORKING ANIMALS GIVING SERVICE FOR KIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**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 in FASB 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, 2021.

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, 2021. The Organization's account balances did not exceed \$250,000 throughout the year.



**WORKING ANIMALS GIVING SERVICE FOR KIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

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

INVESTMENTS

Investments are recorded at cost, if purchased, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the Statement of Financial position based on whether they are available-for-sale or held-to-maturity. The Organization classifies equity securities and mutual funds as available-for-sale and reports these investments at fair value. The Organization classifies debt securities as held-to-maturity if it has the positive intent and ability to hold the securities to maturity and reports them in the financial statements at amortized cost. Net investment return (loss) is reported in the Statement of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. Realized gains and losses are determined using the first-in, first-out (FIFO) method. Realized and unrealized gains and losses on available-for-sale equity securities and mutual funds are reported in changes in net assets.

Investments are as follows at December 31, 2021:

Investments in available-for-sale securities	\$ 193,392
Investments held to maturity	<u>106,181</u>
	<u>\$ 299,573</u>

Maturities of debt securities (bonds) classified as held-to-maturity were as follows at December 31, 2021.

	<u>Amortized Cost</u>	<u>Fair Value</u>
Due before one year	\$ 10,099	\$ 10,142
Due after 1 year to 5 years	51,220	54,290
Due after 5 years to 10 years	21,897	22,688
Due after 10 years	<u>22,965</u>	<u>21,475</u>
	<u>\$ 106,181</u>	<u>\$108,595</u>

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

**WORKING ANIMALS GIVING SERVICE FOR KIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

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

TAX STATUS (continued)

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 \$882 for the year ended December 31, 2021.

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, 2021**

**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, investments and accounts payable. The carrying value of cash and cash equivalents, donations receivable and accounts payable approximate fair value due to the short-term maturity of these instruments and are all level 1. The Organization holds both available-for-sale and held-to-maturity investments. The fair value of the investments in available-for-sale securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers and are level 1. Investments in held-to-maturity debt securities are carried at amortized cost, which are level 2.

**WORKING ANIMALS GIVING SERVICE FOR KIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

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

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

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization. These services do not meet the criteria for recognition as contributed services.

RECENT ACCOUNT PRONOUNCEMENTS

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, Leases. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, Land Easement Practical Expedient for Transition to Topic 842; ASU 2018-10, Codification Improvements to Topic 842, Leases; ASU 2018-11, Leases (Topic 842): Targeted Improvements; ASU 2018-20, Narrow-scope Improvements for Lessors; and ASU 2019-01, Leases (Topic 842): Codification Improvements. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the balance sheet. This standard is effective for annual periods beginning after December 15, 2021. The Organization is evaluating the impact of this pronouncement.

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 Organization 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 is evaluating the impact of ASU 2020-07.

**WORKING ANIMALS GIVING SERVICE FOR KIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**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 cash and cash equivalents of \$500,743.

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. Included in net assets without donor restrictions are net assets that have been designated by the Board for the specified purposes. The amounts could be made available for current operations, if necessary.

See also subsequent event footnote regarding the board designated endowment investment account, including investments and cash and cash equivalents, which have been transferred to a related Foundation in 2022.

**NOTE C – PAYCHECK PROTECTION PROGRAM LOAN**

The Organization received a loan in the amount of \$38,500 under the Paycheck Protection Program 2 established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is subject to a note dated March, 1 2021. The Organization then applied for and was forgiven on January 10, 2022. The Organization has chosen to apply the guidance in Conditional Grant model, as it has satisfied the conditions of the grant including the eligibility criteria for a PPP2 loan and the loan forgiveness criteria for all or substantially all of the loan. As such, the grant is reflected in the amount of \$38,500 in the accompanying Statement of Activities for the year ended December 31, 2021.

**NOTE D – EMPLOYEE RETENTION CREDIT**

The Organization is eligible for the Employee Retention Credit (“ERC”) under the CARES Act. \$19,518 was received prior to December 31, 2021 in a combination of unpaid employment taxes and 2021 Form 941 Employer Quarterly Federal Tax Return refund payments for the quarter ended September 30, 2021.

**NOTE E – EVALUATION OF SUBSEQUENT EVENTS**

The Organization has evaluated events through February 22, 2022, the date at which the financial statements were available to be issued.

As described in Note D, the Organization applied for forgiveness on the Paycheck Protection Program Loan and was forgiven on January 10, 2022.

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