Doyle & Associates, P.C.

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The accompanying financial statements are intended for the original recipient.

They must be presented in their entirety and may not be modified in any manner.

WORKING DOGS FOR CONSERVATION FOUNDATION
(A Nonprofit Organization)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017
(With Independent Auditor's Report Thereon)

WORKING DOGS FOR CONSERVATION FOUNDATION

FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

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WORKING DOGS FOR CONSERVATION FOUNDATION
ORGANIZATION

December 31, 2017

Board of Directors

President	Peter Coppolillo
Secretary	Henry Happel
Treasurer	Aimee Hurt
Director	Margaret Parker
Director	Melissa Richey
Director	Martha Kauffman

Administration

Executive Director	Peter Coppolillo
Director of Operations	Aimee Hurt
Deputy Director of Operations	Skye Plumb

Program Staff

Director of Conservation	Deborah Woollett
Director of Programs	Alice Whitelaw
Direct of Research	Margaret Parker
Canine Field Specialist	Melissa Steen
Forensics and Field Specialist	Ngaio Richards

Doyle & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

103 Tyler Way, Suite 2 ♦ P.O. Box 446
Lolo, MT 59847
Phone: (406) 273-0700 ♦ Fax: (406) 273-4300
www.doyleandassoc.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Working Dogs for Conservation Foundation
609 Phillips Street
Missoula, Montana 59802

We have audited the accompanying financial statements of Working Dogs for Conservation Foundation (a nonprofit organization), which comprise the statements of financial position, as of December 31, 2017, and the related statements 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.

Auditor's 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 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 qualified audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Working Dogs for Conservation Foundation as of December 31, 2017, 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.

Dafoe & Associates, P.C.

Lolo, Montana
November 30, 2018

WORKING DOGS FOR CONSERVATION FOUNDATION

STATEMENT OF FINANCIAL POSITION
December 31, 2017

ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$	297,436
Accounts Receivable		206,900
Promises to Give		23,914
Other Current Assets		500
Total Current Assets		528,750
NON-CURRENT ASSETS		
Capital Assets:		
Vehicles		36,194
Furniture, Fixtures, & Equipment		9,458
Less: Accumulated Depreciation		(22,398)
Net Capital Assets		23,254
Total Assets	$	552,004
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	$	25,094
Accrued Payroll Expenses		38,189
Compensated Absences		57,696
Total Current Liabilities		120,979
NET ASSETS		
Temporarily Restricted		83,190
Unrestricted		
Undesignated		347,835
Total Net Assets		431,025
Total Liabilities and Net Assets	$	552,004

The accompanying notes are an integral part of these financials statements.

WORKING DOGS FOR CONSERVATION FOUNDATION

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Changes in Unrestricted Net Assets:		
Revenues:		
Charges for Service	$	515,466
Contributions		357,807
Grant Income		285,921
Investment Income		352
Total Revenues		1,159,546
Expenses:		
Program Services:		
Working Dogs for Conservation		923,825
Supporting services		
Management and General		138,171
Fundraising		44,384
Total Expenses		1,106,380
Changes in Unrestricted Net Assets		53,166
Change in Temporarily Restricted Net Assets:		
Restricted Contributions		83,190
Changes in Restricted Net Assets		83,190
Change in Net Assets		136,356
Net Assets Beginning of Year		294,669
Net Assets End of Year	$	431,025

The accompanying notes are an integral part of these financials statements.

WORKING DOGS FOR CONSERVATION FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2017

	Program Services	Supporting Services		
	Working Dogs for Conservation	Management and General	Fundraising	Total
Compensation and Related Expenses				
Compensation and Payroll Taxes	$ 404,680	$ 65,074	$ 30,840	$ 500,594
Employee Benefits	40,021	6,423	2,965	49,409
Total Compensation and Related Expenses	444,701	71,497	33,805	550,003
Depreciation	5,971	265	-	6,236
Dog & Field Expense	111,982	-	-	111,982
Dues & Subscriptions	-	785	-	785
Fundraising	-	-	1,745	1,745
Insurance	-	11,742	-	11,742
License & Fees	-	20	-	20
Office Expense	-	12,374	-	12,374
Postage & Shipping	-	1,996	-	1,996
Professional Services	169,766	13,614	8,834	192,214
Printing & Copying	-	3,646	-	3,646
Program Supplies	215	-	-	215
Occupancy	-	12,434	-	12,434
Staff Development	-	1,487	-	1,487
Telephone	-	1,827	-	1,827
Travel & Meals	187,056	1,405	-	188,461
Other	4,134	5,079	-	9,213
Total	$ 923,825	$ 138,171	$ 44,384	$ 1,106,380

The accompanying notes are an integral part of these financials statements.

WORKING DOGS FOR CONSERVATION FOUNDATION

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in Net Assets	$	136,356
Adjustment to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation		6,236
(Increase) decrease in operating assets		
Accounts Receivable		(130,342)
Pledges Receivable		(23,914)
Prepaid Expenses		3,383
Increase (decrease) in operating liabilities		
Accounts Payable and Accrued Payroll Expenses		14,218
Net Cash Provided by Operating Activities		5,937
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Vehicle		(7,325)
Net Cash Used for Investing Activities		(7,325)
Net Increase in Cash and Cash Equivalents		(1,388)
Beginning Cash and Cash Equivalents		298,824
Ending Cash and Cash Equivalents	$	297,436
Noncash Investing Activities:		
Donated Vehicle	$	7,325

The accompanying notes are an integral part of these financials statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Working Dogs for Conservation Foundation (Organization) is a not-for-profit corporation formed under Internal Revenue Code Section 501(c)(3) and the Montana Non-Profit Corporation Act, Section 35-2-126.

The objectives and purpose of the Organization are to promote the use of competent conservation detection dog-handler teams in scientific research, conservation, and management.

The primary sources of revenue to fund the Organization's services are federal, state, and private contracts and grants as well as private donations.

B. Basis of Accounting

The activities of the Organization are maintained and accounted for on the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable. Expenses for goods and services are recorded when the liability for them is incurred.

C. Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash equivalents consist of cash or investments with original maturity of three months or less. The carrying value of these investments approximates fair value to the maturity period.

D. Inventories

The Organization does not record inventories in its financial statements. Such inventories (primarily supplies) are not significant and are expensed when purchased.

E. Public Support and Revenue

Fundraising contributions are generally available for unrestricted use in the year received unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year would be reflected as current promises to give and recorded at net realizable value. At December 31, 2017 there was $23,914 in unconditional promises to give due the Organization. Promises to give are received from a base of contributors as a result of the Organization's fundraising campaigns.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skill, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. During 2017 the Organization reported $21,748 for donated services.

F. Capital Assets

Purchased furniture, fixtures, and equipment with a cost in excess of $1,000 are capitalized at cost. Donations of property and equipment are recorded as contributions and capitalized at their estimated fair value.

Depreciation for furniture, fixtures, and equipment is computed on a straight-line basis over 5 - 7 years.

G. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. Compensated Absences

During 2011 the Organization began offering vacation benefits for the full-time employees. Employees begin earning 80 hours of vacation from the first day of employment but must complete six months of employment before they are eligible to use any accrued credits. Vacation is accrued as follows:

0 months through 2 years:	80 hours per year
3 years of employment:	120 hours per year
4 years of employment:	160 hours per year
5 years of employment:	200 hours per year
6 > years of employment:	240 hours per year

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Permanent employees working less than full time will accrue vacation on a prorated basis. The amount of earned but unused vacation as of December 31, 2017 was $57,696.

I. Advertising Costs

The Organization expenses advertising costs as incurred.

J. Subsequent Events

The Organization's management has evaluated subsequent events through November 30, 2018, the date at which the financial statements were available to be issued.

K. Financial Statement Presentation

In accordance with generally accepted accounting principals, net assets are reported in three classes on the statement of financial position, below is a description of these three classes of net assets:

Unrestricted net assets generally result from revenues from providing services, unrestricted contributions, and income from investing in income-producing assets, less expense incurred in providing services, raising contributions, and performing administrative functions. Included in this category are restricted revenues when the restrictions are met within the same reporting period. As of December 31, 2017 unrestricted net assets were $347,835.

Temporarily restricted net assets generally refer to contributions for which the donor has imposed restrictions that are temporary in nature. As of December 31, 2017 temporary net assets were $83,190.

Permanently restricted net assets result from contributions or other inflows of assets whose use by the Organization is limited to donor-imposed stipulations that do not expire with the passage of time and cannot be removed by actions of the Organization. As of December 31, 2017 the Organization had no permanently restricted net assets.

L. Functional Expense Classification

The Organization classifies expenses of programs by functions. The Organization has only one program function.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Below is a description of Working Dogs for Conservation Foundation's program:

Working Dogs for Conservation: The Organizations works with detection dogs to benefit science and conservation. Two specific objectives are 1) to promote the use of competent conservation detection dogs and handler teams in research, management, and conservation capacities; and 2) to advocate for domestic canines.

2. ACCOUNTS RECEIVABLE

At December 31, 2017 the Organization had $206,900 of accounts receivable. The Organization uses the allowance method of accounting for bad debts. No allowance is recorded as of December 31, 2017 as management considers all amounts due collectible. $73,978 of the total amount of the accounts receivable is due from one customer, however, concentrations of credit risk with respect to account receivable is minimal, as the significant account receivable is due from a large and reputable organization. The Organization performs ongoing credit evaluations of its customers' financial conditions.

3. CONDITIONAL PROMISES TO GIVE

During 2017, the Organization was awarded grants totaling $324,754 that contained donor conditions. Since these grants represent conditional promises to give, they are not recorded as contributions revenue until donor conditions are met. The funds were received during 2018.

One grant requires the Organize to organize and convene one or more veterinary conferences in Africa and to prepare and publish online in French and English an updated version of the report "Assessment of Detection and Tracker Dogs in Africa". The amount of this grant is $200,000 and the projects are required to be completed by December 31, 2019.

The other grant in the amount of $124,754 is restricted for big cat projects in Chile and Costa Rica and tortoise work in Madagascar and Asia. The projects are expected to be completed by December 31, 2019.

4. CHANGES IN CAPITAL ASSETS

The following is a summary of capital assets as of December 31, 2017:

	Balance 12/31/2016	Additions	Deletions	Balance 12/31/2017
Vehicle	$ 28,869	$ 7,325	$ -	$ 36,194
Furniture, Fixtures, & Equip	9,458	-	-	9,458
Accumulated Depreciation	(16,162)	(6,236)	-	(22,398)
Net Capital Asstes	$ 22,165	$ 1,089	$ -	$ 23,254

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets in the total amount of $83,190 as of December 31, 2017 represented a $38,000 grant from Friedman-French Foundation for the Cheetah Reintroduction Project; a grant from National Geographic in the amount of $40,190 for expanding K9 anti-poaching and anti-trafficking work to benefit big cats; and a $5,000 grant from Cadeau Foundation to support a K9 rapid response team to serve Southwest Montana, Eastern Idaho and the panhandle.

6. RELATED PARTY TRANSACTIONS

Working Dogs - As of December 31, 2017, the majority of the working dogs that perform services for the Organization are owned by the employees of the Organization. The employees do not receive any compensation for services provided to the Organization by their dogs. However, expenses related to the dogs, such as feed, veterinarian, and other related costs are paid by the Organization. Management considers the amount of the in-kind donation for the use of employee's dogs to be immaterial considering the financial statements taken as a whole.

Office Space – As of December 31, 2017, each employee of the Organization provided their own office space in their homes and did not charge for rent or receive compensation for the use of their home office space. Management considers the in-kind donation of office space rent to be immaterial considering the financial statements taken as a whole.

7. OFFICE SPACE LEASE

Missoula, Montana - On October 5, 2016 the Organization entered into a lease agreement for office space in Missoula, Montana. The term of the lease was for one year commencing on October 5, 2016 and ending October 4, 2017 with a one year option to renew. The monthly rent for the office space and one parking space was $612.

7. OFFICE SPACE LEASE (CONTINUED)

Subsequent to year-end a lease agreement was entered into to lease office space in Missoula, Montana for $556 per month plus two parking spots for $90 per month for a total of $646 per month. The lease term commences April 1, 2018 and was terminated by the landlord during August 2018 due to building construction. On September 20, 2018 the Organization entered into a lease agreement to rent office space in Missoula for $430 per month from October 8, 2018 to June 30, 2019.

Bozeman, Montana – On December 2, 2016 the Organization extended the Bozeman, Montana lease for office space for an additional six months for the period December 1, 2016 through June 1, 2017. The monthly rent for the office space was $350.

Subsequent to year-end a lease agreement was entered into to lease office space in Bozeman, Montana for $1,200 per month. The term of the lease is monthly starting on March 5, 2018. Either party may terminate the lease with 60 days prior written notice.

Rent expense for 2017 was $12,434 for both the Missoula and Bozeman, Montana locations.

8. EMPLOYEE BENEFITS

Health Insurance - the Organization contributes 100% towards the cost of the “Gold” plan of the Organization’s health insurance carrier, for full-time, permanent employees only. Employees may elect to add dependents, or add dental coverage at his/her expense; those additional premiums will be deducted pre-tax from gross pay. If employees choose the less expensive “Silver” plan or “Bronze” plan, the excess contribution can be applied towards an eligible Health Savings Account or dependent’s health premiums. If an employee has qualified coverage elsewhere, then the entire amount of the "Gold" plan premium may be applied towards an eligible Health Savings Account.

Simple IRA Plan – During 2017 the Organization established a Simple IRA Plan for eligible employees. Employees become eligible to participate in the Simple IRA Plan if they have received at least $5,000 of compensation during any two years before the current year and expect to receive at least $5,000 during the current calendar year. The Organization will match employees’ pre-tax deferrals on a dollar-for-dollar basis up to 3% but not less than 1% of participating employees’ compensation. The amount of the Organization’s matching contributions was $12,095 for 2017.

9. TAX EXEMPT STATUS

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The Financial Accounting Standards Board (FASB) issued standards addressing the accounting for uncertainties in income taxes recognized in an entity’s financial statements and prescribing a threshold of more-likely-than-not for recognition and de-recognition of tax positions taken or expected to be taken in a tax return. The determination of tax exempt status is considered to be a tax position with respect to these standards. The Organization’s

9. TAX EXEMPT STATUS (CONTINUED)

policy is to evaluate the likelihood that its uncertain tax positions will prevail upon examination based on the extent to which those positions have substantial support within the Internal Revenue Code and Regulations, Revenue Rulings, court decisions and other evidence. It is the opinion of management that the Organization has no uncertain tax positions.

The Organization files Forms 990, *Return of Organization Exempt from Income Tax* in the U.S. federal jurisdiction. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2014.

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