

Assistance Dogs of Hawaii
(formerly known as
Hawaii Canines for Independence, Inc.)
(including the activity of Assistance Dogs Northwest LLC)

Financial Statements

For the Years Ended December 31, 2016 and 2015





Independent Auditor's Report

To The Board of Directors
Assistance Dogs of Hawaii
Makawao, Maui, Hawaii

We have audited the accompanying financial statements of Assistance Dogs of Hawaii fka Hawaii Canines for Independence, Inc. (a Hawaii nonprofit corporation), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses 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 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.

To The Board of Directors
Assistance Dogs of Hawaii

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Assistance Dogs of Hawaii fka Hawaii Canines for Independence, Inc. as of December 31, 2016 and 2015, 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 State of America.

A handwritten signature in black ink that reads "Kawahara + Hu, LLC". The signature is written in a cursive, flowing style.

Kahului, Hawaii
February 23, 2018

**Assistance Dogs of Hawaii
Statements of Financial Position
December 31, 2016 and 2015**

| | 2016 | 2015 |
|--|---------------------|---------------------|
| Assets | | |
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 306,362 | \$ 408,765 |
| Pledge Receivable | 13,950 | - |
| Other Receivable | 3,235 | 2,663 |
| Prepaid Expenses | 3,700 | - |
| Total Current Assets | <u>327,247</u> | <u>411,428</u> |
| Property, Plant & Equipment: | | |
| Land and Land Improvements | 1,146,184 | 1,146,184 |
| Building and Building Improvements | 1,076,212 | 943,234 |
| Dogs | 122,146 | 118,877 |
| Vehicles | 104,724 | 104,724 |
| Furniture and Equipment | 114,331 | 111,146 |
| Work in Progress | 21,872 | - |
| Total Property, Plant & Equipment | <u>2,585,469</u> | <u>2,424,165</u> |
| Less: Accumulated Depreciation | <u>(485,434)</u> | <u>(423,841)</u> |
| Net Property, Plant & Equipment | <u>2,100,035</u> | <u>2,000,324</u> |
| Other Assets: | | |
| Investments | 1,691,127 | 1,579,725 |
| Deposits | 5,000 | 2,000 |
| Total Other Assets | <u>1,696,127</u> | <u>1,581,725</u> |
| Total Assets | <u>\$ 4,123,409</u> | <u>\$ 3,993,477</u> |
| Liabilities and Net Assets | | |
| Current Liabilities: | | |
| Accounts Payable | \$ 1,159 | \$ 1,393 |
| Accrued Expenses | 14,059 | 4,173 |
| Refundable Advances | 6,150 | 10,850 |
| Total Current Liabilities | <u>21,368</u> | <u>16,416</u> |
| Total Liabilities | <u>21,368</u> | <u>16,416</u> |
| Net Assets: | | |
| Unrestricted Net Assets | 4,042,911 | 3,926,705 |
| Temporarily Restricted Net Assets | 59,130 | 50,356 |
| Total Net Assets | <u>4,102,041</u> | <u>3,977,061</u> |
| Total Liabilities and Net Assets | <u>\$ 4,123,409</u> | <u>\$ 3,993,477</u> |

See accompanying notes to the financial statements

Assistance Dogs of Hawaii
Statement of Activities
For the Year Ended December 31, 2016

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|---|---------------------|-----------------------------------|-----------------------------------|---------------------|
| Public Support: | | | | |
| Contributions | \$ 321,524 | \$ 27,900 | \$ - | \$ 349,424 |
| Donated Services, Goods, & Facilities | 12,000 | - | - | 12,000 |
| Fundraising | 17,158 | - | - | 17,158 |
| Net Assets Released from Restrictions | 19,126 | (19,126) | - | - |
| Total Public Support | <u>369,808</u> | <u>8,774</u> | <u>-</u> | <u>378,582</u> |
| Revenue: | | | | |
| Special Events (Net of direct expenses of \$88,310 for 2016) | 287,815 | - | - | 287,815 |
| Sale of Merchandise | 3,000 | - | - | 3,000 |
| Program Service Revenue | 4,800 | - | - | 4,800 |
| Interest Income | 110 | - | - | 110 |
| Dividend Income | 37,721 | - | - | 37,721 |
| Unrealized Gains (Losses) on Investments | 104,745 | - | - | 104,745 |
| Gain (Loss) on Sale of Asset | (28,767) | - | - | (28,767) |
| Other | 4 | - | - | 4 |
| Total Revenue | <u>409,428</u> | <u>-</u> | <u>-</u> | <u>409,428</u> |
| Total Public Support and Revenue | <u>779,236</u> | <u>8,774</u> | <u>-</u> | <u>788,010</u> |
| Expenses | | | | |
| Program Services | 536,545 | - | - | 536,545 |
| Management and General | 92,211 | - | - | 92,211 |
| Fundraising | 34,274 | - | - | 34,274 |
| Total Expenses | <u>663,030</u> | <u>-</u> | <u>-</u> | <u>663,030</u> |
| Changes in Net Assets | 116,206 | 8,774 | - | 124,980 |
| Net Assets, Beginning of Year | <u>3,926,705</u> | <u>50,356</u> | <u>-</u> | <u>3,977,061</u> |
| Net Assets, End of Year | <u>\$ 4,042,911</u> | <u>\$ 59,130</u> | <u>\$ -</u> | <u>\$ 4,102,041</u> |

See accompanying notes to the financial statements

Hawaii Canines for Independence, Inc.
dba Assistance Dogs of Hawaii
Statement of Activities
For the Year Ended December 31, 2015

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|---|---------------------|-----------------------------------|-----------------------------------|---------------------|
| Public Support: | | | | |
| Contributions | \$ 2,424,122 | \$ 30,000 | \$ - | \$ 2,454,122 |
| Donated Services, Goods, & Facilities | 1,000 | - | - | 1,000 |
| Fundraising | 15,962 | - | - | 15,962 |
| Net Assets Released from Restrictions | 55,144 | (55,144) | - | - |
| Total Public Support | <u>2,496,228</u> | <u>(25,144)</u> | <u>-</u> | <u>2,471,084</u> |
| Revenue: | | | | |
| Special Events (Net of direct expenses of \$89,004 for 2015) | 206,014 | - | - | 206,014 |
| Sale of Merchandise | 1,405 | - | - | 1,405 |
| Program Service Revenue | 2,625 | - | - | 2,625 |
| Interest Income | 73 | - | - | 73 |
| Dividend Income | 13,886 | - | - | 13,886 |
| Unrealized Gains (Losses) on Investments | (28,848) | - | - | (28,848) |
| Gain (Loss) on Sale of Asset | (4,304) | - | - | (4,304) |
| Total Revenue | <u>190,851</u> | <u>-</u> | <u>-</u> | <u>190,851</u> |
| Total Public Support and Revenue | <u>2,687,079</u> | <u>(25,144)</u> | <u>-</u> | <u>2,661,935</u> |
| Expenses | | | | |
| Program Services | 461,745 | - | - | 461,745 |
| Management and General | 82,961 | - | - | 82,961 |
| Fundraising | 29,268 | - | - | 29,268 |
| Total Expenses | <u>573,974</u> | <u>-</u> | <u>-</u> | <u>573,974</u> |
| Changes in Net Assets | 2,113,105 | (25,144) | - | 2,087,961 |
| Net Assets, Beginning of Year | <u>1,813,600</u> | <u>75,500</u> | <u>-</u> | <u>1,889,100</u> |
| Net Assets, End of Year | <u>\$ 3,926,705</u> | <u>\$ 50,356</u> | <u>\$ -</u> | <u>\$ 3,977,061</u> |

See accompanying notes to the financial statements

Assistance Dogs of Hawaii
Statement of Functional Expenses
For the Year Ended December 31, 2016

| | <u>Support Activities</u> | | | <u>Total</u> |
|-----------------------------|-----------------------------|---------------------------------------|--------------------|-------------------|
| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | |
| Salaries & Wages | \$ 137,102 | \$ 17,138 | \$ 17,138 | \$ 171,378 |
| Depreciation | 55,351 | 9,768 | - | 65,119 |
| Travel | 56,769 | - | - | 56,769 |
| Outside Services | 42,634 | 7,994 | 2,665 | 53,293 |
| Supplies | 38,592 | 6,810 | - | 45,402 |
| Training | 33,191 | - | - | 33,191 |
| Occupancy | 28,192 | 3,132 | - | 31,324 |
| Accounting Fees | 5,704 | 21,389 | 1,426 | 28,519 |
| Veterinary Expenses | 26,654 | - | - | 26,654 |
| Employee Benefits | 20,258 | 2,532 | 2,532 | 25,322 |
| Payroll Taxes | 15,779 | 1,972 | 1,972 | 19,723 |
| Repairs & Maintenance | 16,896 | - | - | 16,896 |
| Advertising/Marketing | 9,102 | 4,551 | 1,517 | 15,170 |
| Printing & Publications | 9,646 | 1,206 | 1,206 | 12,058 |
| Investment Fees | 5,000 | 5,000 | - | 10,000 |
| Insurance | 7,490 | 832 | - | 8,322 |
| Professional Development | 4,565 | 2,283 | 761 | 7,609 |
| Property Taxes | 5,706 | 1,426 | - | 7,132 |
| Bank Charges | 2,231 | 1,116 | 1,116 | 4,463 |
| Legal Fees | 3,249 | 812 | - | 4,061 |
| Postage & Shipping | 2,231 | 279 | 279 | 2,789 |
| Small Furniture & Equipment | 2,303 | - | - | 2,303 |
| Professional Fees-Computer | 1,000 | 1,000 | - | 2,000 |
| Dues & Subscriptions | 1,733 | 193 | - | 1,926 |
| General Excise Tax | - | - | 1,079 | 1,079 |
| Other Expenses | 5,167 | 2,778 | 2,583 | 10,528 |
| Total | <u>\$ 536,545</u> | <u>\$ 92,211</u> | <u>\$ 34,274</u> | <u>\$ 663,030</u> |

See accompanying notes to the financial statements

Hawaii Canines for Independence, Inc.
dba Assistance Dogs of Hawaii
Statement of Functional Expenses
For the Year Ended December 31, 2015

| | <u>Support Activities</u> | | | <u>Total</u> |
|--------------------------|-----------------------------|---------------------------------------|--------------------|-------------------|
| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | |
| Salaries & Wages | \$ 119,390 | \$ 14,924 | \$ 14,924 | \$ 149,238 |
| Travel | 65,997 | - | - | 65,997 |
| Depreciation | 50,923 | 8,986 | - | 59,909 |
| Outside Services | 41,363 | 7,756 | 2,585 | 51,704 |
| Supplies | 33,432 | 5,900 | - | 39,332 |
| Veterinary Expenses | 30,630 | - | - | 30,630 |
| Accounting Fees | 5,954 | 22,328 | 1,489 | 29,771 |
| Occupancy | 26,586 | 2,954 | - | 29,540 |
| Employee Benefits | 19,910 | 2,489 | 2,489 | 24,888 |
| Repairs & Maintenance | 17,048 | 2,006 | 1,003 | 20,057 |
| Payroll Taxes | 10,483 | 1,310 | 1,310 | 13,103 |
| Printing & Publications | 8,305 | 1,038 | 1,038 | 10,381 |
| Training | 7,451 | - | - | 7,451 |
| Advertising/Marketing | 3,428 | 1,714 | 571 | 5,713 |
| Professional Development | 3,013 | 1,506 | 502 | 5,021 |
| Investment Fees | - | 4,198 | - | 4,198 |
| Property Taxes | 2,875 | 719 | - | 3,594 |
| Dues & Subscriptions | 2,844 | 316 | - | 3,160 |
| Insurance | 2,689 | 299 | - | 2,988 |
| Postage & Shipping | 2,109 | 264 | 264 | 2,637 |
| Bank Charges | 1,049 | 525 | 525 | 2,099 |
| Donations | - | 487 | - | 487 |
| Other Expenses | 6,266 | 3,242 | 2,568 | 12,076 |
| Total | <u>\$ 461,745</u> | <u>\$ 82,961</u> | <u>\$ 29,268</u> | <u>\$ 573,974</u> |

See accompanying notes to the financial statements

Assistance Dogs of Hawaii
Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015

| | <u>2016</u> | <u>2015</u> |
|---|-------------------|--------------------|
| Cash Flows from Operating Activities | | |
| Change in Net Assets | \$ 124,980 | \$ 2,087,961 |
| Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities: | | |
| Depreciation | 65,119 | 59,909 |
| (Gain) Loss on Sale of Assets | 28,767 | 4,304 |
| Unrealized Gain (Loss) on Investments | (104,745) | 28,848 |
| Non-Cash Asset Additions | (3,000) | - |
| (Increase) Decrease in Receivables | (572) | (886) |
| (Increase) Decrease in Pledge Receivable | (13,950) | 17,500 |
| (Increase) Decrease in Prepaid Expenses | (3,700) | - |
| (Increase) Decrease in Other Assets | (3,000) | 2,700 |
| Increase (Decrease) in Accounts Payable | (234) | 1,373 |
| Increase (Decrease) in Accrued Expenses | 9,886 | (1,360) |
| Increase (Decrease) in Refundable Advances | (4,700) | 5,850 |
| Total Adjustments | <u>(30,129)</u> | <u>118,238</u> |
| Net Cash Provided By Operating Activities | <u>94,851</u> | <u>2,206,199</u> |
| Cash Flows from Investing Activities | | |
| Proceeds from Sale of Assets | 4,000 | - |
| Purchase of Investments | (27,724) | (1,608,571) |
| Cash Payments for Property | <u>(173,530)</u> | <u>(490,653)</u> |
| Net Cash Used In Investing Activities | <u>(197,254)</u> | <u>(2,099,224)</u> |
| Net Increase in Cash and Cash Equivalents | (102,403) | 106,975 |
| Cash and Cash Equivalents at Beginning of Period | <u>408,765</u> | <u>301,790</u> |
| Cash and Cash Equivalents at End of Period | <u>\$ 306,362</u> | <u>\$ 408,765</u> |

See accompanying notes to the financial statements