

Leader Dogs For  
the Blind



**LEADER DOGS**  
FOR THE BLIND®

Years Ended  
June 30,  
2025 and 2024

Financial  
Statements

**Rehmann**

# LEADER DOGS FOR THE BLIND

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## INDEPENDENT AUDITORS' REPORT

November 13, 2025

Board of Trustees  
Leader Dogs For the Blind  
Rochester Hills, Michigan

### ***Opinion***

We have audited the financial statements of ***Leader Dogs for the Blind*** (the "Organization"), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements (the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ***Leader Dogs for the Blind*** as of June 30, 2025 and 2024, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

A handwritten signature in black ink that reads "Lehmann Lobson LLC". The signature is written in a cursive, flowing style.

# LEADER DOGS FOR THE BLIND

## Statements of Financial Position

	June 30	
	2025	2024
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 3,047,977	\$ 2,849,888
Certificates of deposit	-	71,587
Contributions receivable	130,734	111,595
Current portion of pledges receivable	119,937	153,613
Prepaid expenses and other	786,387	772,634
<b>Total current assets</b>	<b>4,085,035</b>	<b>3,959,317</b>
Pledges receivable, net of current portion and allowance	62,063	141,875
Investments (including charitable gift annuities of \$524,478 in 2025 and \$517,049 in 2024)	3,326,881	2,824,956
Certificates of deposit	186,704	48,644
Beneficial interests in trusts	1,224,358	1,164,082
Property and equipment, net	15,192,942	15,992,255
<b>Total assets</b>	<b>\$ 24,077,983</b>	<b>\$ 24,131,129</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 354,056	\$ 374,983
Accrued payroll and other	1,219,902	1,288,731
<b>Total current liabilities</b>	<b>1,573,958</b>	<b>1,663,714</b>
Gift annuity liability	160,098	153,243
<b>Total liabilities</b>	<b>1,734,056</b>	<b>1,816,957</b>
<b>Net assets</b>		
Without donor restrictions	17,011,756	17,758,545
With donor restrictions	5,332,171	4,555,627
<b>Total net assets</b>	<b>22,343,927</b>	<b>22,314,172</b>
<b>Total liabilities and net assets</b>	<b>\$ 24,077,983</b>	<b>\$ 24,131,129</b>

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

## LEADER DOGS FOR THE BLIND

### Statements of Activities

	Year Ended June 30					
	2025			2024		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
<b>Public support and revenue</b>						
Lions' contributions	\$ 2,278,246	\$ -	\$ 2,278,246	\$ 2,413,171	\$ -	\$ 2,413,171
Other contributions	6,996,162	647,849	7,644,011	6,308,973	60,112	6,369,085
Estates and bequests	6,154,240	-	6,154,240	4,820,567	-	4,820,567
Grants from Leader Dogs for the Blind Foundation	3,717,000	-	3,717,000	12,312,982	-	12,312,982
In-kind donations	237,101	-	237,101	267,042	-	267,042
Special events, net of expenses	500,656	-	500,656	396,311	-	396,311
Other operating revenue	106,495	-	106,495	168,038	-	168,038
<b>Total</b>	<b>19,989,900</b>	<b>647,849</b>	<b>20,637,749</b>	<b>26,687,084</b>	<b>60,112</b>	<b>26,747,196</b>
Net assets released from restrictions	17,134	(17,134)	-	389,039	(389,039)	-
<b>Total public support and revenue</b>	<b>20,007,034</b>	<b>630,715</b>	<b>20,637,749</b>	<b>27,076,123</b>	<b>(328,927)</b>	<b>26,747,196</b>
<b>Expenses</b>						
Program						
Training	12,837,041	-	12,837,041	12,723,345	-	12,723,345
Orientation and mobility	2,112,444	-	2,112,444	1,870,181	-	1,870,181
Volunteer engagement and community outreach	941,256	-	941,256	1,122,721	-	1,122,721
Leader Dogs for the Blind Foundation support	23,889	-	23,889	16,443	-	16,443
Total program	15,914,630	-	15,914,630	15,732,690	-	15,732,690
Supporting services						
General and administrative	1,508,431	-	1,508,431	2,036,084	-	2,036,084
Philanthropy	3,508,755	-	3,508,755	3,787,297	-	3,787,297
Total supporting services	5,017,186	-	5,017,186	5,823,381	-	5,823,381
<b>Total expenses</b>	<b>20,931,816</b>	<b>-</b>	<b>20,931,816</b>	<b>21,556,071</b>	<b>-</b>	<b>21,556,071</b>
<b>Change in net assets before non-operating (loss) income</b>	<b>(924,782)</b>	<b>630,715</b>	<b>(294,067)</b>	<b>5,520,052</b>	<b>(328,927)</b>	<b>5,191,125</b>
<b>Non-operating income (loss)</b>						
Net investment return (loss)	182,204	85,553	267,757	(133,058)	476,748	343,690
Change in value of beneficial interests in trusts	-	60,276	60,276	-	143,044	143,044
Gain on disposal of property and equipment	10,148	-	10,148	6,350	-	6,350
Other	(14,359)	-	(14,359)	(16,159)	-	(16,159)
<b>Total non-operating income (loss), net</b>	<b>177,993</b>	<b>145,829</b>	<b>323,822</b>	<b>(142,867)</b>	<b>619,792</b>	<b>476,925</b>
<b>Change in net assets</b>	<b>(746,789)</b>	<b>776,544</b>	<b>29,755</b>	<b>5,377,185</b>	<b>290,865</b>	<b>5,668,050</b>
Net assets, beginning of year	17,758,545	4,555,627	22,314,172	12,381,360	4,264,762	16,646,122
<b>Net assets, end of year</b>	<b>\$ 17,011,756</b>	<b>\$ 5,332,171</b>	<b>\$ 22,343,927</b>	<b>\$ 17,758,545</b>	<b>\$ 4,555,627</b>	<b>\$ 22,314,172</b>

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

## LEADER DOGS FOR THE BLIND

### Statement of Functional Expenses

Year Ended June 30, 2025

	Program Services				Supporting Services		Total Expenses
	Training	Orientation and Mobility	Volunteer Engagement and Community Outreach	Foundation Support	General and Administrative	Philanthropy	
Compensation	\$ 7,134,232	\$ 1,273,607	\$ 477,372	\$ -	\$ 850,459	\$ 1,511,060	\$ 11,246,730
Employee benefits	1,920,697	373,028	134,374	-	227,342	339,053	2,994,494
Insurance	216,671	12,120	31,385	-	42,209	13,861	316,246
Repairs and maintenance	288,112	15,018	17,403	-	52,837	76,543	449,913
Professional fees	58,448	13,192	5,859	-	59,969	15,326	152,794
Outside services	281,906	44,008	61,508	-	66,539	127,638	581,599
Service fees	201,605	36,889	20,392	-	67,746	250,954	577,586
Direct mail	7,572	304	3,063	-	-	917,445	928,384
Facilities	358,533	13,198	13,202	-	26,784	11,038	422,755
Special events	-	-	-	-	-	168,437	168,437
Supplies	116,366	44,162	51,229	-	15,626	69,155	296,538
Travel	331,807	73,338	53,377	-	11,914	58,376	528,812
Canine operations	677,756	1,814	1,287	-	1,587	600	683,044
Client services	167,602	176,201	606	-	408	702	345,519
Promotional	10,619	402	11,474	-	6,837	11,327	40,659
Lions clubs	53,167	-	20,676	-	-	73,843	147,686
Depreciation	1,011,948	35,163	38,049	-	78,174	31,834	1,195,168
Contributions made	-	-	-	23,889	-	-	23,889
Total expenses by function	12,837,041	2,112,444	941,256	23,889	1,508,431	3,677,192	21,100,253
Less expenses included in revenues on the statement of activities	-	-	-	-	-	(168,437)	(168,437)
<b>Total expenses</b>	<b>\$ 12,837,041</b>	<b>\$ 2,112,444</b>	<b>\$ 941,256</b>	<b>\$ 23,889</b>	<b>\$ 1,508,431</b>	<b>\$ 3,508,755</b>	<b>\$ 20,931,816</b>

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

## LEADER DOGS FOR THE BLIND

### Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services				Supporting Services		Total Expenses
	Training	Orientation and Mobility	Volunteer Engagement and Community Outreach	Foundation Support	General and Administrative	Philanthropy	
Compensation	\$ 7,024,779	\$ 1,108,170	\$ 550,743	\$ -	\$ 942,172	\$ 1,686,827	\$ 11,312,691
Employee benefits	1,766,787	300,338	149,208	-	262,622	401,106	2,880,061
Insurance	196,001	9,299	29,319	-	40,152	10,240	285,011
Repairs and maintenance	270,964	13,728	19,969	-	207,249	60,522	572,432
Professional fees	78,169	3,040	1,235	-	75,783	9,247	167,474
Outside services	457,576	52,988	102,083	-	119,006	212,165	943,818
Service fees	256,439	43,533	37,281	-	72,409	256,564	666,226
Direct mail	2,903	-	7,086	-	-	834,259	844,248
Facilities	343,819	11,897	13,035	-	25,287	7,093	401,131
Special events	-	-	-	-	-	203,339	203,339
Supplies	105,749	61,775	63,904	-	13,360	75,753	320,541
Travel	285,108	56,221	63,506	-	11,025	66,524	482,384
Canine operations	629,831	68,075	300	-	-	-	698,206
Client services	241,292	103,064	1,359	-	2,372	3,438	351,525
Promotional	16,206	3,286	4,697	-	788	8,132	33,109
Lions clubs	15,669	-	38,251	-	-	53,921	107,841
Depreciation	1,032,053	34,767	40,745	-	78,362	24,586	1,210,513
Interest	-	-	-	-	185,497	-	185,497
Bad debt	-	-	-	-	-	76,920	76,920
Contributions made	-	-	-	16,443	-	-	16,443
Total expenses by function	12,723,345	1,870,181	1,122,721	16,443	2,036,084	3,990,636	21,759,410
Less expenses included in revenues on the statement of activities	-	-	-	-	-	(203,339)	(203,339)
Total expenses	<u>\$ 12,723,345</u>	<u>\$ 1,870,181</u>	<u>\$ 1,122,721</u>	<u>\$ 16,443</u>	<u>\$ 2,036,084</u>	<u>\$ 3,787,297</u>	<u>\$ 21,556,071</u>

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

## LEADER DOGS FOR THE BLIND

### Statements of Cash Flows

	June 30	
	2025	2024
<b>Cash flows from operating activities</b>		
Cash received from contributions	\$ 10,123,101	\$ 8,868,628
Cash received from estates and bequests	6,154,240	7,313,312
Cash received from grants	3,717,000	12,312,982
Cash received from special events	669,093	599,650
Cash paid to and on the behalf of employees	(14,218,405)	(14,302,770)
Cash paid to suppliers and others	(5,633,065)	(5,489,635)
Interest paid	-	(238,216)
<b>Net change in cash from operating activities</b>	<b>811,964</b>	<b>9,063,951</b>
<b>Cash flows from investing activities</b>		
Proceeds from sales and redemptions of investments	1,392,568	172,632
Purchases of investments	(1,825,725)	(342,348)
Proceeds from sales of property and equipment	10,148	1,906,350
Purchases and construction of property and equipment	(395,854)	(229,516)
<b>Net change in cash from investing activities</b>	<b>(818,863)</b>	<b>1,507,118</b>
<b>Cash flows from financing activities</b>		
Payments received on pledges	204,988	185,419
Payments on line of credit	-	(9,291,698)
<b>Net change in cash from financing activities</b>	<b>204,988</b>	<b>(9,106,279)</b>
<b>Net change in cash and cash equivalents</b>	<b>198,089</b>	<b>1,464,790</b>
Cash and cash equivalents, beginning of year	2,849,888	1,385,098
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,047,977</b>	<b>\$ 2,849,888</b>

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

# LEADER DOGS FOR THE BLIND

## Notes to Financial Statements

### 1. NATURE OF ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Nature of Organization*

**Leader Dogs for the Blind**, a Michigan organization (the "Organization"), is dedicated to empowering people who are blind or visually impaired with lifelong skills for safe and independent daily travel. Since its incorporation in 1939 as a not-for-profit organization, the Organization has successfully matched and graduated over 15,900 person/dog teams. As the second guide dog organization founded in the United States, the Organization provides services to both national and international clients at its Rochester Hills, Michigan facility. The Organization programs include guide dog training, orientation and mobility training, volunteer engagement and community outreach. In addition, the Organization may make periodic contributions to an affiliate, Leader Dogs for the Blind Foundation (the "Foundation") (Note 9), in accordance with the Organization liquidity and spending policy, which is considered a program expense.

#### *Basis of Presentation*

These financial statements have been prepared to focus on the Organization as a whole and to present transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of transactions into two classes of net assets - net assets without donor restrictions and net assets with donor restrictions.

Net assets and revenues and support, expenses and gains or losses are classified based on the existence or absence of donor-imposed restrictions.

*Net Assets Without Donor Restrictions:* Net assets without donor restrictions are available for use at the discretion of management and/or the Board of Trustees for general operating purposes.

*Net Assets With Donor Restrictions:* Net assets with donor restrictions consists of contributions that have been restricted by the donor for specific purposes or are time restricted. Some donor-imposed restrictions are temporary in nature, 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 in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenues and support are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless restricted by the donor or law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

## LEADER DOGS FOR THE BLIND

### Notes to Financial Statements

The Organization's operating revenue in excess of operating expense includes all operating revenues and expenses that are an integral part of its programs and supporting activities and the assets released from donor restrictions to support operating expenditures. The measure of operations excludes net investment return, the change in the value of the beneficial interests in trust, and the gains/losses on disposal of property and equipment.

#### ***Cash and Cash Equivalents***

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Organization primarily deposits cash with major banks within the state of Michigan and at times may maintain balances that exceed federally insured limits. The Organization has not experienced any losses in such deposit accounts, and management believes the Organization is not exposed to any significant interest rate or other financial risk as a result of these deposits. The Organization has not experienced any credit losses and does not believe it is exposed to any significant credit losses on its cash equivalents.

#### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") 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 revenues and expenses during the year. Actual results could differ from those estimates.

#### ***Certificates of Deposit***

Certificates of deposit are held at a major bank with a high credit rating and also fully covered by FDIC insurance at June 30, 2025 and 2024. Therefore, management does not believe the Organization is exposed to significant credit risk in respect to these certificates of deposit. Certificates of deposit are classified as current or noncurrent based upon their maturity date when purchased and are carried at amortized cost.

#### ***Pledges and Contributions***

Pledges and contributions are recognized as support when they represent an unconditional promise to give; absent of such promise, revenue is recognized when the intent to give is collected. Amounts that are expected to be collected in future years are initially recorded at their estimated fair value using a probability weighted, discounted rate adjusted present value model. The unamortized discount represents the adjustment required to record promises expected to be received in future years at their fair value. Amortization of the discount is recorded as additional support and used in accordance with any donor-imposed restrictions over the promise period.

## LEADER DOGS FOR THE BLIND

### Notes to Financial Statements

After initially being recorded at fair value as previously discussed, unconditional promises to give are stated at the amounts management expects to collect from outstanding balances. The Organization provides for a probable uncollectible amount through an expense in the statement of activities and a credit to a valuation allowance based on management's assessment of the current status of individual accounts. Balances that are still outstanding after the Organization has attempted reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable receivable account. Management does not believe allowance is necessary at June 30, 2025 or 2024.

Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. There were no conditional promises to give at June 30, 2025 and 2024.

#### *Revenue from Contracts with Customers*

Other revenue on the statements of activities consists of revenue related to the gift shop and souvenir purchases. Revenue is recognized at the point in time sales occur. Variable consideration has not been historically significant and the Organization does not have significant refunds. The exchange component of special events is not significant. The Organization does not include sales and other taxes in the transaction price and thus does not recognize these amounts as revenue.

#### *Donated Materials, Supplies and Services*

At times, the Organization receives support through donations of materials, supplies, and services. These amounts are recorded at their estimated fair value at the date of receipt. In-kind contributions included in the statements of activities are comprised of the following for the years ended June 30:

	2025	2024
Medication	\$ 126,216	\$ 116,637
Dog food	88,047	107,752
Services	2,119	16,358
Supplies	20,719	16,058
Vet services	-	10,237
	<u>          </u>	<u>          </u>
<b>Total in-kind contributions</b>	<b><u>\$ 237,101</u></b>	<b><u>\$ 267,042</u></b>

The Organization estimates the fair value of dog food, supplies, medication, and services on the basis of estimates of values that would be charged by vendors for identical items and services. These contributions were utilized within the training program in the year they were received.

## LEADER DOGS FOR THE BLIND

### Notes to Financial Statements

#### *Investments*

Investment securities purchased are stated at fair value, which is based on quoted market prices. Investment securities received as gifts are initially recorded at fair value at the date of donation. Income from investments, including realized and unrealized gains and losses, is allocated among net assets with donor restrictions and without donor restrictions based on donor restrictions or the absence thereof. Realized gains and losses are determined using the specific identification method. Investment return is reported net of external investment expenses.

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the fair value of investment securities will occur in the near term and such changes could materially affect the amounts reported in these financial statements.

#### *Beneficial Interests in Trusts*

Certain donors to the Organization have entered into irrevocable trust arrangements under which the Organization (and in some cases other beneficiaries) is entitled to receive future benefits. Under a perpetual trust, a donor requires that the trust's assets must be held in perpetuity, and stipulates the amount or percentage of trust income distributions that the Organization may receive. Generally, such distributions bear no donor restrictions. The carrying value of these assets are equal to the fair value of the total investments held in the trust.

Under a remainder trust, a donor indicates that the Organization is to receive the trust's "remainder" after other beneficiaries receive their required distributions. Often, multiple beneficiaries are entitled to distributions before the Organization receives the remainder. Such distributions may or may not be limited to the trust's income, and the actual ages and number of beneficiaries may vary widely. Further, demographic information about these beneficiaries may not be available to the Organization. As a result, there are inherent uncertainties in determining the present value of the remainder interest, which approximates fair value. Accordingly, the Organization does not estimate a value for any remainder interest where management believes accurate information about beneficiaries, underlying trust assets and/or the nature of distributions available to beneficiaries is not reasonably determinable. Currently, these financial statements do not include any beneficial interests relating to remainder trusts.

# LEADER DOGS FOR THE BLIND

## Notes to Financial Statements

### *Fair Value Measurement*

The framework for measuring fair value 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1: This level is defined as observable inputs, such as quoted prices in active markets for identical assets and liabilities.
- Level 2: This level is defined as observable inputs other than Level 1 prices for similar assets or liabilities, such as quoted prices in active markets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: This level is defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own valuation methodology and assumptions.

For a further discussion of Fair Value Measurements, refer to Note 3.

### *Property and Equipment*

Purchased property and equipment are stated at cost less depreciation. Donated property and equipment is recorded at its estimated fair value at the date of the gift. Major improvements and renewals are capitalized while ordinary maintenance and repairs are expensed. Management reviews these assets for impairment whenever events or changes in circumstances indicate the related carrying value may not be recoverable.

Depreciation is computed using the straight-line over the estimated useful lives of the related assets, which range from 3 to 30 years.

### *Leases*

The Organization determines if an arrangement is a lease at inception and considers classification of leases as operating or finance. In 2025 and 2024, the Organization's lease arrangements consist solely of short-term operating leases.

The Organization has elected to exclude short-term leases from the recognition requirements of Accounting Standards Codification ("ASC") 842, *Leases*. A lease is short-term if, at the commencement date, it has a term of less than or equal to one year. Lease expense related to short-term leases is recognized on a straight-line basis over the lease term.

Short term lease cost was approximately \$82,000 and \$88,000 for 2025 and 2024, respectively.

# LEADER DOGS FOR THE BLIND

## Notes to Financial Statements

### ***Income Taxes***

The Organization is recognized as a nonprofit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is organized under the laws of the State of Michigan as nonprofit organizations and is exempt from state and local income taxes. The Organization evaluates uncertain income tax positions which would impact its nontaxable status or result in unrelated business income tax, and believes there are no uncertain income tax positions of significance that are required to be recorded or disclosed in these financial statements.

The Organization has evaluated its tax filing positions in the federal and state jurisdictions where they are required to file income tax returns, for all open tax years in these jurisdictions, to identify potential uncertain tax positions. Management has concluded that there are no significant uncertain tax positions requiring recognition in the Organization's financial statements. Generally, the Organization is no longer subject to income tax examinations for years prior to 2022.

### ***Fundraising Costs***

The Organization engages in philanthropic and fundraising activities throughout the year. Such activities, however, do not include significant joint costs that allow allocation among the program services.

### ***Functional Allocation of Expenses***

Direct expenses, which can be clearly defined as incurred for a specific program are charged to that program. Natural expenses attributable to more than one functional expense category are allocated using a reasonable cost allocation method. Salaries and related employee benefits have been allocated to programs and services based on estimated time and effort. Other expenses are allocated based on estimates of usage.

### ***Volunteer Services***

Many individuals volunteer their time and perform a variety of tasks that assist the Organization in running its programs. Over 1,000 individuals volunteer their time to support the Organization in running its programs, including nearly 350 who raise, train, and socialize puppies during their first year of life. Volunteer hours total 40,500 hours and fair value of just over \$1.4M during the fiscal year ending June 30, 2025. These figures do not include off-campus puppy raisers and breeding stock hosts or Trustee and Volunteer Non-Trustee service hours. While these services are most important and noteworthy, the total value of these services does not meet the accounting requirements for recognition in these financial statements and as such no value has been recorded for the years ended June 30, 2025 and 2024.

### ***Subsequent Events***

In preparing these financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to the most recent statement of financial position presented herein, through the date these financial statements were available to be issued.

## LEADER DOGS FOR THE BLIND

### Notes to Financial Statements

#### 2. PLEDGES RECEIVABLE

Pledges are expected to be collected in the following fiscal years ending June 30:

Fiscal Year	Amount
2026	\$ 119,937
2027	49,938
2028	<u>12,125</u>
Net pledges receivable	<u><u>\$ 182,000</u></u>

At June 30, 2025 and 2024, management determined a discount to net present value was not significant. During the year ended June 30, 2025, no pledges were written off as uncollectable. During the year ended June 30, 2024, \$76,920 in pledges were written off as uncollectable.

#### 3. INVESTMENTS AND FAIR VALUE MEASUREMENT

The Organization utilizes fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. The asset'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 measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis. The description includes an indication of the level of the fair value hierarchy in which the assets are classified. There have been no changes in the methodologies used at June 30, 2025 and 2024.

*Mutual funds:* Shares held in mutual funds are valued at quoted market prices that represent the Net Asset Value ("NAV") of shares held by the Organization at year end and are classified as Level 1. The NAV is based on the value of the underlying assets owned by the fund, less its liabilities, then divided by the number of shares outstanding. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price and, therefore, are deemed to be actively traded.

*Corporate bonds:* Certain corporate bonds valued at the closing price reported in the active market in which the bond is traded are classified as Level 1.

*Common stocks:* Level 1 fair value measurement is based upon the closing price reported on the active market in which the individual securities are traded.

*Government securities:* Level 1 fair value measurement is determined by using pricing models maximizing the use of observable inputs for similar securities.

## LEADER DOGS FOR THE BLIND

### Notes to Financial Statements

*Beneficial interests in trusts:* The underlying trusts' assets cannot be liquidated or redeemed by the Organization. As such, no quoted prices or active market are available for these assets and are classified as Level 3. As a practical expedient, the carrying value of these assets are equal to the fair value of the total investments held in the trust.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

#### ***Assets Recorded at Fair Value on a Recurring Basis***

The following tables present the recorded amount of assets measured at fair value on a recurring basis at June 30:

2025	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
<b>Investments</b>				
Corporate bonds	\$ 1,777,881	\$ -	\$ -	\$ 1,777,881
Mutual funds				
Equity	404,494	-	-	404,494
Bond	166,548	-	-	166,548
Common stocks	853,917	-	-	853,917
Government securities	124,041	-	-	124,041
<b>Total investments</b>	<b>\$ 3,326,881</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,326,881</b>
<b>Beneficial interests in trusts</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,224,358</b>	<b>\$ 1,224,358</b>
2024	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
<b>Investments</b>				
Corporate bonds	\$ 1,411,999	\$ -	\$ -	\$ 1,411,999
Mutual funds				
Equity	371,479	-	-	371,479
Bond	162,578	-	-	162,578
Common stocks	829,412	-	-	829,412
Government securities	49,488	-	-	49,488
<b>Total investments</b>	<b>\$ 2,824,956</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,824,956</b>
<b>Beneficial interests in trusts</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,164,082</b>	<b>\$ 1,164,082</b>

## LEADER DOGS FOR THE BLIND

### Notes to Financial Statements

#### 4. PROPERTY AND EQUIPMENT

Major classes of property and equipment are summarized as follows at June 30:

	2025	2024
Buildings	\$ 30,353,340	\$ 30,342,360
Furniture and equipment	2,728,577	2,695,102
Vehicles	1,377,832	1,208,756
Land improvements	1,151,618	1,130,068
Land	419,541	419,541
Construction in progress	71,217	-
Total property and equipment	36,102,125	35,795,827
Less accumulated depreciation	20,909,183	19,803,572
<b>Net property and equipment</b>	<b><u>\$ 15,192,942</u></b>	<b><u>\$ 15,992,255</u></b>

Depreciation expense was \$1,195,168 and \$1,210,513 in fiscal year 2025 and 2024, respectively.

Construction in progress represents costs incurred for the development and enhancement of the Organization's technology. As of June 30, 2025, management estimated the remaining cost to complete the project to be approximately \$85,000, with an anticipated completion date of December 2025.

#### 5. DEBT

On March 19, 2024, the Organization entered into a \$5,000,000 line of credit agreement with a bank. No draws were outstanding at of June 30, 2025 and 2024. This line of credit has a maturity date of February 5, 2026 and a variable interest rate. The line of credit is guaranteed by the Foundation.

## LEADER DOGS FOR THE BLIND

### Notes to Financial Statements

#### 6. NET ASSETS WITH DONOR RESTRICTIONS AND ENDOWMENTS

Net assets with donor restrictions are restricted for the following purposes or periods at June 30:

	2025	2024
<b>Subject to expenditure for specified purpose</b>		
Grants	\$ 341,000	\$ 20,112
<b>Subject to the passage of time</b>		
Charitable gift annuities	524,478	517,049
Irrevocable life insurance policies	166,849	179,871
<b>Total</b>	<b>1,032,327</b>	<b>717,032</b>
<b>Endowments</b>		
<b>Subject to appropriation and expenditure</b>		
Accumulated investment gains restricted by donors	161,058	170,933
<b>Perpetual in nature, earnings from which are subject to endowment spending policy and appropriations</b>		
Donor-restricted endowments	2,914,428	2,503,580
<b>Total endowments</b>	<b>3,075,486</b>	<b>2,674,513</b>
<b>Perpetual in nature, not subject to spending policy and appropriations</b>		
Beneficial interests in perpetual trust	1,224,358	1,164,082
<b>Total net assets with donor restrictions</b>	<b>\$ 5,332,171</b>	<b>\$ 4,555,627</b>

#### *Endowments*

When an endowment is underwater, it is the Organization's intent to reinvest any dividends and interest until the endowment is made whole, at which time, the Organization will resume withdrawing dividends and interest for unrestricted use. No endowments were underwater at June 30, 2025 or 2024.

## LEADER DOGS FOR THE BLIND

### Notes to Financial Statements

#### *Interpretation of Relevant Law*

In accordance with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), the Board of Trustees of the Organization has interpreted Michigan law for the State Prudent Management of Institutional Funds Act ("SPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts donated to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not perpetual in nature is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization, in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

## LEADER DOGS FOR THE BLIND

### Notes to Financial Statements

Following is a summary of the Organization's endowment and changes therein for the years ended June 30:

	2025 With Donor Restrictions	2024 With Donor Restrictions
<b>Endowment net assets comparison by type of fund as of June 30</b>		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity	\$ 2,914,428	\$ 2,503,580
Accumulated investment gains	161,058	170,933
<b>Total donor-restricted endowments</b>	<b>\$ 3,075,486</b>	<b>\$ 2,674,513</b>
<b>Changes in endowment net assets for the years ended June 30</b>		
Net investment income	\$ 78,124	\$ 292,664
Contributions	410,849	40,000
Appropriation of endowment assets for expenditure	(88,000)	(142,992)
Changes to endowment net assets	400,973	189,672
<b>Endowment net assets</b>		
Beginning of year	2,674,513	2,484,841
<b>End of year</b>	<b>\$ 3,075,486</b>	<b>\$ 2,674,513</b>

#### ***Return Objectives and Risk Parameters***

The Organization has adopted investment policies for donor-restricted endowment assets to achieve a consistent total rate of return (income and reinvested funds) within reasonable and prudent levels of risk that will generate a sufficient income stream while preserving and enhancing the original principal of funds invested.

#### ***Strategies Employed for Achieving Objectives***

To satisfy its long-term rate-of-return objectives of the donor-restricted endowments, the Organization maintains a portfolio of fixed income investments, possibly including cash and cash equivalents. The investments are limited to mutual funds, equity securities, common stocks, corporate notes and bonds, mortgage backed bonds, preferred stock and international bonds. The investments carry conservative to moderate risk. The investments shall be so diversified as to minimize the risk of capital losses, and they are managed for long-term growth and maximum capital appreciation.

#### ***Spending Policy and How the Investment Objectives Relate to Spending Policy***

The investments held for donor-restricted endowments have a spending policy of utilizing up to all of the net investment income for general purposes, as the cash flows and other financial requirements dictate.

## LEADER DOGS FOR THE BLIND

### Notes to Financial Statements

#### 7. DEFINED CONTRIBUTION PLAN

The Organization sponsors a defined contribution plan that is available to substantially all employees. Participants may make basic contributions of their compensation up to the legal limit prescribed by Section 401(k) of the Internal Revenue Code. This plan requires the Organization to make a matching contribution up to a maximum of 5% of each participant's compensation. In addition, the Organization may make a discretionary matching contribution of up to 5% of eligible compensation for participants who were hired on or before December 31, 2006. The Organization contributed a total of \$504,794 and \$538,389 in 2025 and 2024, respectively, for matching contributions. The Organization also made a discretionary employer contribution of \$73,047 and \$53,540 in 2025 and 2024, respectively.

#### 8. DEFERRED COMPENSATION PLAN

The Organization offers certain employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). This plan, available to highly compensated employees, permits them to defer a portion of their salary until termination, retirement, death, or unforeseeable emergency. The Organization made a discretionary matching employer contribution of approximately \$24,000 in 2025. No discretionary matching employer contribution was made in 2024. Included in prepaid expenses and other, as well as in accrued payroll and other liabilities, is \$520,113 as of June 30, 2025 related to this plan. Certain plan assets were liquidated during 2025 in preparation for distributions to be made through December 31, 2025. Included in prepaid expenses and other is \$418,679, included in cash is \$137,381, and included in accrued payroll and other liabilities is \$556,060 as of June 30, 2024 related to this plan.

#### 9. RELATED PARTY TRANSACTIONS

Leader Dogs for the Blind Foundation (the "Foundation") was formed on February 9, 2012 to primarily receive and administer funds from the Organization, and to make grants solely to the Organization in support of the Organization's mission, and in accordance with the Foundation's status as a Type III supporting foundation under Internal Revenue Service regulations.

The Foundation was initially funded by an unrestricted gift from the Organization. The Foundation Board of Trustees consists of seven members, three of whom are appointed by the Board of Trustees of Leader Dogs for the Blind. The Organization does not have control of the Foundation, by majority voting interest or any other means.

Historically, the Foundation will grant an amount no less than 5% of the Foundation's prior year's average monthly net assets to the Organization. The Organization received grants from the Foundation of \$3,717,000 and \$12,312,982 during the years ended June 30, 2025 and 2024, respectively. The Foundation's 2024 contribution included \$7,500,000 to allow the Organization to repay the outstanding line of credit in full.

The Organization has a liquidity and spending policy to gift any non-restricted cash that exceeds 60 days of budgeted operating costs at the end of each fiscal year to the Foundation. Based on this policy, the Organization did not contribute to the Foundation during the years ended June 30, 2025 or 2024.

## LEADER DOGS FOR THE BLIND

### Notes to Financial Statements

The Organization also provided managerial and accounting services to the Foundation. These services amounted to approximately \$24,000 and \$16,000 for the years ended June 30, 2025 and 2024, respectively. This is reported as contributions to the Foundation.

#### 10. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30:

	2025	2024
<b>Financial assets</b>		
Cash and cash equivalents	\$ 3,047,977	\$ 2,849,888
Certificates of deposit	186,704	120,231
Receivables	130,734	111,595
Pledges receivable	182,000	295,488
Investments	3,326,881	2,824,956
Beneficial interests in trust	1,224,358	1,164,082
	<hr/>	<hr/>
Total financial assets held by the Organization	8,098,654	7,366,240
<b>Less amounts with limits on usage</b>		
Spendable net assets with donor purpose restrictions	341,000	20,112
Spendable net assets with donor time restrictions	691,327	696,920
Endowment assets subject to endowment spending policy and appropriation	2,914,428	2,503,580
Beneficial interests in perpetual trusts not subject to spending policy or appropriation	1,224,358	1,164,082
	<hr/>	<hr/>
<b>Total financial assets available for general use within one year</b>	<b><u>\$ 2,927,541</u></b>	<b><u>\$ 2,981,546</u></b>

The Organization has a Finance Committee, which along with the Board of Trustees has established an investment policy statement for the Organization's investments. The investment policy addresses the preservation of capital, risk aversion, and adherence to investment discipline. Note 9 further describes the Organization's liquidity and spending policy as it relates to excess cash.

