

Leader Dogs  
For the Blind  
and  
Subsidiary



**LEADER DOGS**  
FOR THE BLIND®

Year Ended  
June 30, 2019  
(with  
comparative  
totals for 2018)

Consolidated  
Financial  
Statements and  
Supplementary  
Information

# LEADER DOGS FOR THE BLIND AND SUBSIDIARY

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## INDEPENDENT AUDITORS' REPORT

November 25, 2019

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

We have audited the accompanying consolidated financial statements of *Leader Dogs for the Blind and Subsidiary* (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Independent Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on auditor judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated financial statements.

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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ***Leader Dogs for the Blind and Subsidiary*** as of June 30, 2019, and the consolidated changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We have previously audited ***Leader Dogs for the Blind's*** 2018 financial statements, and our report thereon dated November 14, 2018 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

# LEADER DOGS FOR THE BLIND AND SUBSIDIARY

## Consolidated Statements of Financial Position

	June 30	
	2019	2018
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 3,290,422	\$ 2,414,634
Cash restricted for canine development center	-	170,578
Current portion of pledges receivable	32,131	1,163,300
Contributions receivable	562,979	621,599
Prepaid expenses and other assets	775,747	793,926
<b>Total current assets</b>	<b>4,661,279</b>	<b>5,164,037</b>
Pledges receivable, less current portion	5,715	49,995
Investments (including charitable gift annuities of \$498,594)	2,890,026	2,665,108
Beneficial interests in trusts (Note 1)	1,177,998	1,240,855
Net property and equipment (Note 4)	21,187,299	21,453,805
<b>Total assets</b>	<b>\$ 29,922,317</b>	<b>\$ 30,573,800</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 802,998	\$ 270,697
Accrued payroll and other liabilities	994,680	1,146,278
<b>Total current liabilities</b>	<b>1,797,678</b>	<b>1,416,975</b>
Gift annuity liability	164,997	184,613
Debt (Note 5)	-	1,400,000
<b>Total liabilities</b>	<b>1,962,675</b>	<b>3,001,588</b>
<b>Net assets</b>		
Without donor restrictions	23,516,498	23,329,747
With donor restrictions	4,443,144	4,242,465
<b>Total net assets</b>	<b>27,959,642</b>	<b>27,572,212</b>
<b>Total liabilities and net assets</b>	<b>\$ 29,922,317</b>	<b>\$ 30,573,800</b>

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

## LEADER DOGS FOR THE BLIND AND SUBSIDIARY

### Consolidated Statement of Activities

Year Ended June 30, 2019

(with comparative totals for the year ended June 30, 2018)

	2019			2018
	Without donor restrictions	With donor restrictions	Total	Total
<b>Public support</b>				
Lions' contributions	\$ 2,274,931	\$ -	\$ 2,274,931	\$ 2,372,067
Other contributions	3,632,586	4,705	3,637,291	3,410,796
Estates and bequests	8,328,962	116,340	8,445,302	5,438,046
Grants (Note 10)	4,632,972	103,532	4,736,504	3,948,451
In-kind donations	297,099	-	297,099	185,154
Special events, net of expenses	498,856	-	498,856	475,722
Other operating revenue	30,500	-	30,500	-
<b>Total</b>	<b>19,695,906</b>	<b>224,577</b>	<b>19,920,483</b>	<b>15,830,236</b>
Net assets released from restrictions	69,635	(69,635)	-	-
<b>Total public support</b>	<b>19,765,541</b>	<b>154,942</b>	<b>19,920,483</b>	<b>15,830,236</b>
<b>Expenses</b>				
Program				
Training	9,747,544	-	9,747,544	9,349,881
Orientation and mobility	491,714	-	491,714	449,620
Volunteer engagement and community outreach	680,058	-	680,058	792,840
Foundation support (Note 10)	3,713,134	-	3,713,134	2,610,954
Total program	14,632,450	-	14,632,450	13,203,295
Supporting services				
General and administrative	1,981,501	-	1,981,501	1,850,305
Philanthropy	2,641,569	-	2,641,569	2,391,658
Total supporting services	4,623,070	-	4,623,070	4,241,963
For profit subsidiary expenses	528,388	-	528,388	-
<b>Total expenses</b>	<b>19,783,908</b>	<b>-</b>	<b>19,783,908</b>	<b>17,445,258</b>
<b>Change in net assets before non-operating income and expense</b>	<b>(18,367)</b>	<b>154,942</b>	<b>136,575</b>	<b>(1,615,022)</b>
<b>Non-operating income (loss)</b>				
Net investment return	61,934	108,594	170,528	13,370
Change in value of beneficial interests in trusts	-	(62,857)	(62,857)	73,301
Capital campaign revenue	14,817	-	14,817	32,437
Gain (loss) on disposal of property and equipment	7,213	-	7,213	(20,426)
Other revenue	121,154	-	121,154	165,769
<b>Total non-operating income (loss)</b>	<b>205,118</b>	<b>45,737</b>	<b>250,855</b>	<b>264,451</b>
<b>Change in net assets</b>	<b>186,751</b>	<b>200,679</b>	<b>387,430</b>	<b>(1,350,571)</b>
Net assets, beginning of year	23,329,747	4,242,465	27,572,212	28,922,783
<b>Net assets, end of year</b>	<b>\$ 23,516,498</b>	<b>\$ 4,443,144</b>	<b>\$ 27,959,642</b>	<b>\$ 27,572,212</b>

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

## LEADER DOGS FOR THE BLIND AND SUBSIDIARY

### Consolidated Statement of Functional Expenses

Year Ended June 30, 2019

(With Comparative Totals for the Year Ended June 30, 2018)

	Program Services				Supporting Services		2019 Total Leader Dogs Functional Expenses	2019 Total Elite Detection K9, LLC Expenses	2019 Total Consolidated Expenses	2018 Total Expenses
	Training	Orientation and Mobility	Volunteer Engagement and Community Outreach	Foundation Support (Note 10)	General and Administrative	Philanthropy				
Compensation	\$ 5,105,597	\$ 273,667	\$ 305,191	\$ -	\$ 888,344	\$ 1,149,221	\$ 7,722,020	\$ 226,441	\$ 7,948,461	\$ 7,486,974
Employee benefits	1,468,336	84,903	82,300	-	218,913	267,518	2,121,970	31,743	2,153,713	1,980,866
Insurance	181,452	5,492	23,646	-	40,308	18,435	269,333	8,660	277,993	226,683
Repairs and maintenance	254,496	3,960	17,085	-	70,040	53,848	399,429	-	399,429	352,332
Professional fees	67,566	1,167	628	-	47,236	6,181	122,778	36,840	159,618	228,888
Outside services	192,911	13,702	69,161	-	61,635	118,485	455,894	77,675	533,569	458,838
Service fees	118,721	15,371	35,378	-	44,727	110,176	324,373	9,117	333,490	301,768
Direct mail	-	-	-	-	-	668,085	668,085	-	668,085	537,355
Facilities	267,924	4,041	10,163	-	67,878	12,055	362,061	24,005	386,066	355,308
Special events	-	-	-	-	-	195,401	195,401	-	195,401	132,988
Supplies	139,013	23,001	72,948	-	8,932	90,575	334,469	4,126	338,595	247,503
Travel	224,016	11,680	17,602	-	4,885	54,314	312,497	8,058	320,555	315,839
Canine services	504,882	-	-	-	389	-	505,271	101,594	606,865	453,688
Client services	243,148	51,662	524	-	4,739	1,886	301,959	-	301,959	300,467
Promotional	12,871	434	5,726	-	3,072	19,460	41,563	129	41,692	28,671
Lions clubs	29,077	-	28,085	-	-	57,162	114,324	-	114,324	119,906
Depreciation	893,130	2,428	11,621	-	445,349	14,168	1,366,696	-	1,366,696	1,333,255
Research	-	-	-	-	32,241	-	32,241	-	32,241	4,641
Bad debt	-	-	-	-	30,419	-	30,419	-	30,419	7,355
Interest	43,897	206	-	-	-	-	44,103	-	44,103	73,735
Other	507	-	-	-	12,394	-	12,901	-	12,901	20,232
Contributions made	-	-	-	3,713,134	-	-	3,713,134	-	3,713,134	2,610,954
<b>Total expenses by function</b>	<b>9,747,544</b>	<b>491,714</b>	<b>680,058</b>	<b>3,713,134</b>	<b>1,981,501</b>	<b>2,836,970</b>	<b>19,450,921</b>	<b>528,388</b>	<b>19,979,309</b>	<b>17,578,246</b>
Less expenses included in revenues on the consolidated statement of activities	-	-	-	-	-	(195,401)	(195,401)	-	(195,401)	(132,988)
<b>Total expenses</b>	<b>\$ 9,747,544</b>	<b>\$ 491,714</b>	<b>\$ 680,058</b>	<b>\$ 3,713,134</b>	<b>\$ 1,981,501</b>	<b>\$ 2,641,569</b>	<b>\$ 19,255,520</b>	<b>\$ 528,388</b>	<b>\$ 19,783,908</b>	<b>\$ 17,445,258</b>

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

## LEADER DOGS FOR THE BLIND AND SUBSIDIARY

### Consolidated Statements of Cash Flows

	June 30	
	2019	2018
<b>Cash flows from operating activities</b>		
Cash received from contributions	\$ 4,780,317	\$ 5,873,769
Cash received from estates and bequests	8,445,302	5,438,046
Cash received from grants	4,736,504	3,948,451
Cash received from special events	516,376	448,845
Cash paid to and on the behalf of employees	(10,053,320)	(9,009,251)
Cash paid to suppliers and others	(3,927,368)	(3,807,304)
Contribution paid to Foundation	(3,700,000)	(2,600,000)
Interest paid	(44,103)	(80,250)
<b>Net cash provided by operating activities</b>	<b>753,708</b>	<b>212,306</b>
<b>Cash flows from investing activities</b>		
Proceeds from sales and redemptions of investments	198,736	402,322
Purchases of investments	(221,209)	(465,381)
Proceeds from sales of property and equipment	7,213	26,280
Purchases and construction of property and equipment	(977,640)	(363,961)
<b>Net cash used in investing activities</b>	<b>(992,900)</b>	<b>(400,740)</b>
<b>Cash flows from financing activities</b>		
Payments received on pledges designated for capital campaign	2,344,402	1,569,094
Repayments of long-term debt	(1,400,000)	(1,900,000)
<b>Net cash provided by (used in) financing activities</b>	<b>944,402</b>	<b>(330,906)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>705,210</b>	<b>(519,340)</b>
Cash and cash equivalents, beginning of year	2,585,212	3,104,552
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,290,422</b>	<b>\$ 2,585,212</b>

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

# LEADER DOGS FOR THE BLIND AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Nature of Organization*

*Leader Dogs for the Blind* ("Leader Dogs") 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, Leader Dogs has successfully matched and graduated over 15,000 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. Leader Dogs programs include guide dog training, orientation and mobility training, volunteer engagement and community outreach. In addition, Leader Dogs may make periodic contributions to an affiliate, Leader Dogs for the Blind Foundation ("Foundation") (Note 10), in accordance with Leader Dogs liquidity and spending policy, which is considered a program expense.

Elite Detection K9, LLC ("EDK9") is a wholly-owned, for-profit subsidiary founded in fiscal 2019 that breeds, raises, and trains dogs specifically for munitions and explosives scent detection. During fiscal 2019, Leader Dogs contributed approximately \$30,000 in the form of a capital contribution.

EDK9 has filed for 501(c)(3) tax-exempt status with the IRS - a process expected to take several months. Management anticipates the application will receive favorable IRS approval.

Collectively, Leader Dogs and EDK9 are referred to as the "Organization".

#### *Basis of Presentation*

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") 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 AND SUBSIDIARY

## Notes to Consolidated Financial Statements

Contributions, including unconditional promises to give, are recognized as support in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as support in the net assets without donor restrictions class.

Leader Dog'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 in excess of amounts made available for operations, the change in the value of the beneficial interests in trust, capital campaign revenue, and revenue related to the gift shop, souvenir purchases and career change dogs.

### *Summarized Information*

The financial information presented for comparative purposes for the year ended June 30, 2018 is not intended to be a complete financial statement presentation in accordance with GAAP. Accordingly, such information should be read in conjunction with the Organization's 2018 financial statements, from which the summarized information was derived.

### *Principles of Consolidation*

The accompanying consolidated financial statements include the accounts of Leader Dogs for the Blind and its wholly owned subsidiary, Elite Detection K9, LLC (starting in fiscal 2019). All significant intercompany accounts and transactions have been eliminated in the accompanying consolidated financial statements.

### *Cash and Cash Equivalents*

For the purposes of the consolidated statement of cash flows, 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 accounts, and management believes the Organization is not exposed to any unusual credit risk on cash and cash equivalents.

### *Unconditional Promises to Give*

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 AND SUBSIDIARY

### Notes to Consolidated 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 consolidated 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. Actual write-offs in the past have not exceeded management's expectations and no allowance is considered necessary at June 30, 2019. In 2019 and 2018, management did not record a discount as it was not considered significant and the non-current portion of the promises to give is expected to be collected in the next one to five years.

#### *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.

#### *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 consolidated financial statements do not include any beneficial interests relating to remainder trusts.

#### *Fair Value Measurement*

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between participants in the market in which the reporting entity transacts such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data, such as the reporting entity's own data.

## LEADER DOGS FOR THE BLIND AND SUBSIDIARY

### Notes to Consolidated Financial Statements

For assets and liabilities recorded at fair value, it is the Organization's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurement for those financial instruments for which there is an active market. In cases where the market for a financial asset or liability is not active, the Organization includes appropriate risk adjustments that market participants would make for nonperformance and liquidity risks when developing fair value measurement. Fair value measurements for assets and liabilities for which limited, or no observable market data exists are accordingly based primarily upon estimates, are often calculated based on the economic and competitive environment, the characteristics of the asset or liability and other factors. Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability. Additionally, there may be inherent uncertainties in any calculation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, could significantly affect the results of current or future values. For a further discussion of Fair Value Measurement, refer to Note 3.

#### *Property and Equipment and Depreciation*

Purchased property and equipment are stated at cost. Donated property and equipment is recorded at its estimated fair value at the date of the gift. Major improvements are capitalized while ordinary maintenance and repairs are expensed. Management reviews these assets to determine whether carrying values have been impaired. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets, which range from 3 to 40 years.

Included in net property and equipment in the accompanying consolidated statement of financial position at June 30, 2019 was \$633,500 of construction in progress incurred in connection with a new parking lot. All construction on the new parking lot was completed in July 2019.

#### *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 500 who raise, train, and socialize puppies during their first year of life. While these services are most important and noteworthy, the total value of these services does not meet the accounting requirements for recognition in the consolidated financial statements and no value has been recorded for the years ended June 30, 2019 and 2018.

# LEADER DOGS FOR THE BLIND AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### *Income Taxes*

Leader Dogs 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 a nonprofit organization and is exempt from state and local income taxes. The Organization evaluates annually 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 consolidated financial statements.

For EDK9, deferred income taxes are recognized for the tax consequences of temporary differences between the financial reporting basis and the federal income tax basis of their assets and liabilities. The accrual basis of accounting is used for financial reporting and the cash basis is used for income tax reporting. Deferred income taxes arise from temporary basis differences as a result of timing of recognition of revenue and expenses related to the accrual to cash adjustment and charitable contributions. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities. Income tax expense and deferred taxes were not significant in 2019.

The Organization analyzes its income tax filing positions in the federal and state jurisdictions where it is required to file income tax returns, for all open tax years in these jurisdictions, to identify potential uncertain tax positions.

EDK9 has analyzed its income tax positions for 2019, the only year which is subject to examination as of June 30, 2019. EDK9 has concluded that there are no significant uncertain tax positions requiring recognition in the Organization's consolidated financial statements. EDK9 does not expect the total amount of unrecognized tax benefits ("UTB") (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly increase in the next 12 months. EDK9 does not have any amounts accrued for interest and penalties related to UTBs at June 30, 2019, and it is not aware of any claims for such amounts by federal or state income tax authorities.

### *Use of Estimates*

The preparation of consolidated financial statements in conformity with 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 consolidated financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Significant estimates include, but are not limited to, the carrying value of the beneficial interests in perpetual trusts and pledges and contributions receivable.

### *Reclassification*

Certain amounts as reported in the 2018 financial statements have been reclassified to conform with the 2019 presentation.

## LEADER DOGS FOR THE BLIND AND SUBSIDIARY

### Notes to Consolidated Financial Statements

#### *Change in Accounting Principle*

As of July 1, 2017, the Organization adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This ASU (1) reduces the number of net asset classes presented from three to two; (2) modifies the presentation of underwater endowment funds and related disclosures; (3) requires the presentation of expenses by functional and natural classification in one location; (4) requires quantitative and qualitative disclosures about liquidity and availability of financial assets; (5) requires the presentation of investment return net of external and direct internal investment expenses and; (6) removes the requirement to present an indirect method operating cash flow reconciliation when presenting a direct method statement of cash flows. As a result of the adoption of ASU 2016-14, net assets as of July 1, 2018 were reclassified as follows:

Net Asset Classifications	ASU 2016-14 Classifications		
	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
As previously presented			
Unrestricted	\$ 23,329,747	\$ (119,078)	\$ 23,210,669
Temporarily restricted	-	907,194	907,194
Permanently restricted	-	3,454,349	3,454,349
<b>Total net assets</b>	<b>\$ 23,329,747</b>	<b>\$ 4,242,465</b>	<b>\$ 27,572,212</b>

#### *Upcoming Accounting Pronouncements*

The Financial Accounting Standards Board issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. The new standard is effective for fiscal 2020. The amendments in this ASU provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The Organization will evaluate if a transaction is an exchange transaction by determining if each party to the transaction directly receives commensurate value. If both parties to the transaction directly receives commensurate value, the transaction is an exchange transaction. ASU 2018-08 explicitly states that societal benefit - even if it furthers the resource provider's charitable mission - is not commensurate reciprocal value. The ASU also provides guidance on how to determine whether a contribution is conditional and how to better distinguish a donor-imposed condition from a donor-imposed restriction. The improved guidance on distinguishing contributions from exchange transactions could result in more grants and contracts being accounted for as contributions (often conditional contributions) than under current GAAP. The guidance applies to both a recipient of contributions received and a resource provider of contributions made.

#### *Subsequent Events*

In preparing these consolidated financial statements, the Organization has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2019, the most recent consolidated statement of financial position presented herein, through November 25, 2019, the date these consolidated financial statements were available to be issued. No significant such events or transactions were identified, other than those matters described in Note 5.

## LEADER DOGS FOR THE BLIND AND SUBSIDIARY

### Notes to Consolidated Financial Statements

#### 2. PLEDGES RECEIVABLE (INCLUDING RELATED PARTY)

Pledges receivable are summarized as follows at June 30:

	2019	2018
Receivable in less than one year	\$ 32,131	\$ 1,163,300
Receivable in one to two years	5,715	49,995
<b>Total unconditional pledges receivable</b>	<b>\$ 37,846</b>	<b>\$ 1,213,295</b>

The Organization has not recorded a discount on these pledges due in excess of one year as it is considered to be immaterial to accompanying consolidated financial statements. The Organization has not recorded a provision for doubtful pledges since in the opinion of management these receivables are fully collectible.

#### 3. INVESTMENTS AND 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: 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:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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 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 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, 2019 and 2018.

## LEADER DOGS FOR THE BLIND AND SUBSIDIARY

### Notes to Consolidated Financial Statements

*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.

*Equity and government securities:* Equity securities are valued at the closing price reported in the active market in which the individual securities are traded and are classified as Level 1.

*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.

*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:

2019	Level 1	Level 2	Level 3	Total
Investments				
Corporate bonds	\$ 1,969,662	\$ -	\$ -	\$ 1,969,662
Mutual funds				
Equity	519,438	-	-	519,438
Bond	170,766	-	-	170,766
Equity securities	37,083	-	-	37,083
Government securities	50,854	-	-	50,854
Other investments	142,223	-	-	142,223
<b>Total investments</b>	<b>\$ 2,890,026</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,890,026</b>
<b>Beneficial interests in trusts</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,177,998</b>	<b>\$ 1,177,998</b>

## LEADER DOGS FOR THE BLIND AND SUBSIDIARY

### Notes to Consolidated Financial Statements

2018	Level 1	Level 2	Level 3	Total
Investments				
Corporate bonds	\$ 1,988,237	\$ -	\$ -	\$ 1,988,237
Mutual funds				
Equity	339,125	-	-	339,125
Bond	163,735	-	-	163,735
Equity securities	35,521	-	-	35,521
Government securities	50,406	-	-	50,406
Other investments	88,084	-	-	88,084
<b>Total investments</b>	<b>\$ 2,665,108</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,665,108</b>
<b>Beneficial interests in trusts</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,240,855</b>	<b>\$ 1,240,855</b>

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the years ended June 30:

	2019	2018
Balance, beginning of year	\$ 1,240,855	\$ 1,167,554
Change in estimated fair value	(62,857)	73,301
<b>Balance, end of year</b>	<b>\$ 1,177,998</b>	<b>\$ 1,240,855</b>

#### 4. PROPERTY AND EQUIPMENT

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

	2019	2018
Buildings	\$ 29,897,452	\$ 29,518,363
Furniture and equipment	2,543,752	3,844,388
Vehicles	1,002,209	1,018,779
Land improvements	494,369	498,537
Land	419,541	419,541
Construction in progress	733,184	326,819
Total property and equipment	35,090,507	35,626,427
Less accumulated depreciation	(13,903,208)	(14,172,622)
<b>Net property and equipment</b>	<b>\$ 21,187,299</b>	<b>\$ 21,453,805</b>

Construction in progress primarily represents costs for the new parking lot not completed as of June 30, 2019. Management estimates the remaining cost to complete the project to be \$430,518.

## LEADER DOGS FOR THE BLIND AND SUBSIDIARY

### Notes to Consolidated Financial Statements

#### 5. BANK DEBT AND SUBSEQUENT EVENTS

On July 25, 2014, the Organization entered into a \$12,000,000 revolving credit facility with a bank in conjunction with the Canine Development Center. The draw limit was reduced to \$3,500,000 in June 2017. The Organization has repaid the \$1,400,000 outstanding balance at June 30, 2018 in full during fiscal 2019. The revolving credit facility stipulated interest at a rate equal to 0.95% plus LIBOR.

On August 2, 2019, Leader Dogs entered into a \$6,000,000 line of credit agreement with a bank in conjunction with the purchase of a building to be utilized by EDK9. This line of credit bears interest at a rate equal to 1.2% plus LIBOR with a maturity date of August 3, 2021. The line of credit is guaranteed by the Leader Dog Foundation. On August 5, 2019, Leader Dogs utilized \$2,200,000 of the line of credit to purchase a building that will be utilized by EDK9.

#### 6. LEASES

The Organization conducts a portion of its operations with leased property and equipment, including vehicle leases with varying short-term arrangements including month to month extensions. Net rental expense on these operating leases was approximately \$98,000 and \$88,000 for 2019 and 2018, respectively.

The following is a schedule of annual, future minimum lease payments required under non-cancelable operating leases with initial or remaining lease terms in excess of one year as of June 30, 2019:

Year	Amount
2020	\$ 73,326
2021	57,724
2022	26,121
<b>Total minimum payments due</b>	<b>\$ 157,171</b>

## LEADER DOGS FOR THE BLIND AND SUBSIDIARY

### Notes to Consolidated Financial Statements

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

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

	2019	2018
<b>Subject to expenditure for specified purpose</b>		
Grants	\$ 103,623	\$ -
<b>Subject to the passage of time</b>		
Charitable gift annuities	498,594	519,157
Life insurance policies	216,135	220,333
Other contributions	45,072	75,817
<b>Total</b>	<b>759,801</b>	<b>815,307</b>
<b>Endowments</b>		
<b>Subject to appropriation and expenditure when a specified event occurs:</b>		
Restricted by donors for general use	71,888	(27,191)
<b>Perpetual in nature, earnings from which are subject to endowment spending policy and appropriations</b>		
Donor-restricted endowments	2,329,834	2,213,494
<b>Total endowments</b>	<b>2,401,722</b>	<b>2,186,303</b>
<b>Perpetual in nature, not subject to spending policy and appropriations</b>		
Beneficial interests in perpetual trust	1,177,998	1,240,855
<b>Total net assets with donor restrictions</b>	<b>\$ 4,443,144</b>	<b>\$ 4,242,465</b>

#### *Endowments*

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA (State of Michigan Prudent Management of Institutional Funds Act) requires the Organization to retain as a fund of perpetual duration. Funds with original gift values of \$2,213,494, fair values of \$2,094,416, and deficiencies of \$119,078 were reported in net assets with donor restrictions as of June 30, 2018. No such deficiency exists at June 30, 2019.

When an endowment is underwater, it is Leader Dog's intent to reinvest any dividends and interest until the endowment is made whole at which time, Leader Dog will withdraw such dividends and interest for unrestricted use.

# LEADER DOGS FOR THE BLIND AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### *Interpretation of Relevant Law*

In accordance with the standard 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 AND SUBSIDIARY

### Notes to Consolidated Financial Statements

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

	2019 With Donor Restrictions	2018 With Donor Restrictions
<b>Endowment net asset comparison by type of fund as of June 30:</b>		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity	\$ 2,329,834	\$ 2,213,494
Accumulated investment gains (losses)	71,888	(27,191)
	<u>\$ 2,401,722</u>	<u>\$ 2,186,303</u>
<b>Changes in endowment net assets for the years ended June 30:</b>		
Net investment income	\$ 129,156	\$ 18,769
Contributions	116,340	5,000
Appropriation of endowment assets for expenditure	(30,077)	(30,793)
	<u>215,419</u>	<u>(7,024)</u>
Changes to endowment net assets	215,419	(7,024)
<b>Endowment net assets</b>		
Beginning of year	<u>2,186,303</u>	<u>2,193,327</u>
End of year	<u>\$ 2,401,722</u>	<u>\$ 2,186,303</u>

#### *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 U.S. government and agency securities, 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 AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### 8. 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. The 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 \$349,531 and \$320,908 in 2019 and 2018, respectively, for matching contributions. The Organization also made a discretionary employer contribution of \$86,909 and \$96,161 in 2019 and 2018, respectively.

### 9. DEFERRED COMPENSATION PLAN

The Organization offers certain employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The 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 \$37,078 and \$35,852 in 2019 and 2018, respectively. Included in prepaid expenses and other assets as well as accrued payroll and other liabilities is \$301,054 and \$252,200 in 2019 and 2018, respectively, related to the plan.

### 10. RELATED PARTY TRANSACTIONS

The Foundation is a separate legal entity established as a 501(c)(3) not-for-profit corporation and governed by its own board of directors to receive and administer funds for Leader Dogs, make grants solely to Leader Dogs, and provide clear direction, independent oversight, and stewardship for the funds gifted from Leader Dogs.

Historically, the Foundation will grant an amount no less than 5% of the Foundation's prior year's average monthly net assets to Leader Dogs. Leader Dogs received grants from the Foundation of \$3,700,000 and \$2,944,331 during the years ended June 30, 2019 and 2018, respectively.

The Foundation pledged \$5,000,000 to Leader Dogs related to the kennel redesign in 2014. The balance outstanding at June 30, 2018 was \$1,000,000, which was paid in full in fiscal 2019.

Leader Dogs 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. During the years ended June 30, 2019 and 2018, the Organization contributed \$3,700,000 and \$2,600,000, respectively, to the Foundation based on the terms of this policy.

Leader Dogs also provided managerial and accounting services to the Foundation. These services amounted to \$13,134 and \$10,954 for the year ended June 30, 2019 and 2018, respectively. This is reported as contributions to the Foundation.

Elite Detection K9, LLC provided services to an entity amounting to approximately \$21,000 during fiscal 2019. The board chair of the Organization is also the CEO of that entity.

## LEADER DOGS FOR THE BLIND AND SUBSIDIARY

### Notes to Consolidated Financial Statements

#### 11. 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 June 30, 2019, comprise the following:

<b>Financial assets</b>	
Cash and cash equivalents	\$ 3,290,422
Pledges and contributions receivable	600,825
Investments	2,890,026
Beneficial interests in trust	<u>1,177,998</u>
Total consolidated financial assets at June 30, 2019	7,959,271
Less financial assets held by for-profit subsidiary	<u>4,053</u>
Total financial assets held by Leader Dogs	7,955,218
<b>Less amounts with limits on usage</b>	
Spendable net assets with donor purpose restrictions	103,623
Spendable net assets with donor time restrictions	759,801
Endowment assets subject to endowment spending policy and appropriation	2,329,834
Beneficial interests in perpetual trusts not subject to spending policy or appropriation	<u>1,177,998</u>
<b>Total financial assets available for general use within one year</b>	<b><u>\$ 3,583,962</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 10 further describes the Organization's liquidity and spending policy as it relates to excess cash.



**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION**

November 25, 2019

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

We have audited the consolidated financial statements of *Leader Dogs for the Blind and Subsidiary* (a nonprofit organization), as of and for the year ended June 30, 2019, and have issued our report thereon dated November 25, 2019, which expressed an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purposes of forming an opinion on the consolidated financial statements as a whole. The consolidating information, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in our audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

**SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED  
JUNE 30, 2019**

## LEADER DOGS FOR THE BLIND AND SUBSIDIARY

### Consolidating Schedule of Financial Position

ASSETS	June 30, 2019			
	Leader Dogs for the Blind	Elite Detection K9, LLC	Eliminations	Total
<b>Current assets</b>				
Cash and cash equivalents	\$ 3,286,369	\$ 4,053	\$ -	\$ 3,290,422
Current portion of pledges receivable	32,131	-	-	32,131
Due from Elite Detection K9	450,369	-	(450,369)	-
Current portion of contributions receivable	562,979	-	-	562,979
Prepaid expenses and other assets	765,397	10,350	-	775,747
<b>Total current assets</b>	<b>5,097,245</b>	<b>14,403</b>	<b>(450,369)</b>	<b>4,661,279</b>
Pledges receivable, less current portion	5,715	-	-	5,715
Investments (including charitable gift annuities of \$498,594)	2,890,026	-	-	2,890,026
Beneficial interests in trusts	1,177,998	-	-	1,177,998
Investment in subsidiary	30,318	-	(30,318)	-
Net property and equipment	21,187,299	-	-	21,187,299
<b>Total assets</b>	<b>\$ 30,388,601</b>	<b>\$ 14,403</b>	<b>\$ (480,687)</b>	<b>\$ 29,922,317</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable	\$ 794,232	\$ 8,766	\$ -	\$ 802,998
Accrued payroll and other liabilities	971,842	22,838	-	994,680
Due to Leader Dogs for the Blind	-	450,369	(450,369)	-
<b>Total current liabilities</b>	<b>1,766,074</b>	<b>481,973</b>	<b>(450,369)</b>	<b>1,797,678</b>
Gift annuity liability	164,997	-	-	164,997
<b>Total liabilities</b>	<b>1,931,071</b>	<b>481,973</b>	<b>(450,369)</b>	<b>1,962,675</b>
<b>Net assets</b>				
Without donor restrictions	24,014,386	-	(497,888)	23,516,498
With donor restrictions	4,443,144	-	-	4,443,144
<b>Total net assets</b>	<b>28,457,530</b>	<b>-</b>	<b>(497,888)</b>	<b>27,959,642</b>
<b>Member's equity</b>				
Contributed capital	-	30,318	(30,318)	-
Accumulated deficit	-	(497,888)	497,888	-
<b>Total member's equity</b>	<b>-</b>	<b>(467,570)</b>	<b>467,570</b>	<b>-</b>
<b>Total liabilities and net assets</b>	<b>\$ 30,388,601</b>	<b>\$ 14,403</b>	<b>\$ (480,687)</b>	<b>\$ 29,922,317</b>

See independent auditors' report on supplementary consolidating information.

## LEADER DOGS FOR THE BLIND AND SUBSIDIARY

### Consolidating Schedule of Activities

	Year Ended June 30, 2019				
	Without Donor Restrictions		With Donor Restrictions	Consolidating Entries	Total
	Leader Dogs for the Blind	Elite Detection	Leader Dogs for the Blind		
<b>Public support</b>					
Lions' contributions	\$ 2,274,931	\$ -	\$ -	\$ -	\$ 2,274,931
Other contributions	3,632,586	-	4,705	-	3,637,291
Estates and bequests	8,328,962	-	116,340	-	8,445,302
Grants	4,632,972	-	103,532	-	4,736,504
In-kind donations	297,099	-	-	-	297,099
Special events, net of expenses	498,856	-	-	-	498,856
Other operating revenue	-	30,500	-	-	30,500
<b>Total</b>	<b>19,665,406</b>	<b>30,500</b>	<b>224,577</b>	<b>-</b>	<b>19,920,483</b>
Net assets released from restrictions	69,635	-	(69,635)	-	-
<b>Total public support</b>	<b>19,735,041</b>	<b>30,500</b>	<b>154,942</b>	<b>-</b>	<b>19,920,483</b>
<b>Expenses</b>					
Program					
Training	9,747,544	-	-	-	9,747,544
Orientation and mobility	491,714	-	-	-	491,714
Volunteer engagement and community outreach	680,058	-	-	-	680,058
Foundation support	3,713,134	-	-	-	3,713,134
<b>Total program</b>	<b>14,632,450</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,632,450</b>
Supporting services					
General and administrative	1,981,501	-	-	-	1,981,501
Philanthropy	2,641,569	-	-	-	2,641,569
<b>Total supporting services</b>	<b>4,623,070</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,623,070</b>
For profit subsidiary expenses		528,388			528,388
<b>Total expenses</b>	<b>19,255,520</b>	<b>528,388</b>	<b>-</b>	<b>-</b>	<b>19,783,908</b>
<b>Change in net assets before non-operating income and expense</b>	<b>479,521</b>	<b>(497,888)</b>	<b>154,942</b>	<b>-</b>	<b>136,575</b>
<b>Non-operating income (loss)</b>					
Net investment return	61,934	-	108,594	-	170,528
Change in value of beneficial interests in trusts	-	-	(62,857)	-	(62,857)
Capital campaign revenue	14,817	-	-	-	14,817
Gain on disposal of property and equipment	7,213	-	-	-	7,213
Other revenue	121,154	-	-	-	121,154
<b>Total non-operating income (loss)</b>	<b>205,118</b>	<b>-</b>	<b>45,737</b>	<b>-</b>	<b>250,855</b>
<b>Change in net assets</b>	<b>684,639</b>	<b>(497,888)</b>	<b>200,679</b>	<b>-</b>	<b>387,430</b>
Net assets, beginning of year	23,329,747	-	4,242,465	-	27,572,212
<b>Net assets, end of year</b>	<b>\$24,014,386</b>	<b>\$ (497,888)</b>	<b>\$4,443,144</b>	<b>\$ -</b>	<b>\$27,959,642</b>

See independent auditors' report on supplementary consolidating information.