

Leader Dogs
For the Blind
and Subsidiary



LEADER DOGS
FOR THE BLIND

Years Ended
June 30,
2020 and 2019

Consolidated
Financial
Statements and
Supplementary
Information

LEADER DOGS FOR THE BLIND AND SUBSIDIARY

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INDEPENDENT AUDITORS' REPORT

November 17, 2020

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 statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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, 2020 and 2019, and the consolidated changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Rehmann Lobson LLC

LEADER DOGS FOR THE BLIND AND SUBSIDIARY

Consolidated Statements of Financial Position

	June 30	
	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 8,431,864	\$ 3,290,422
Current portion of pledges receivable	520	32,131
Contributions receivable	311,780	562,979
Accounts receivable	5,692	-
Prepaid expenses and other assets	919,719	775,747
	<u>9,669,575</u>	<u>4,661,279</u>
Total current assets	9,669,575	4,661,279
Pledges receivable, less current portion	-	5,715
Investments (including charitable gift annuities of \$480,109 in 2020 and \$498,594 in 2019)	2,928,721	2,890,026
Beneficial interests in trusts (Note 1)	1,251,657	1,177,998
Net property and equipment (Note 3)	22,659,903	21,187,299
	<u>22,659,903</u>	<u>21,187,299</u>
Total assets	<u>\$ 36,509,856</u>	<u>\$ 29,922,317</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Accounts payable	\$ 369,887	\$ 802,998
Accrued payroll and other liabilities	1,214,092	994,680
	<u>1,214,092</u>	<u>994,680</u>
Total current liabilities	1,583,979	1,797,678
Gift annuity liability	145,650	164,997
Debt (Note 4)	2,718,198	-
Paycheck Protection Program loan (Note 4)	1,978,891	-
	<u>1,978,891</u>	<u>-</u>
Total liabilities	<u>6,426,718</u>	<u>1,962,675</u>
Net assets		
Without donor restrictions	25,612,336	23,516,498
With donor restrictions	4,470,802	4,443,144
	<u>4,470,802</u>	<u>4,443,144</u>
Total net assets	<u>30,083,138</u>	<u>27,959,642</u>
Total liabilities and net assets	<u>\$ 36,509,856</u>	<u>\$ 29,922,317</u>

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					
	2020			2019		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Public support						
Lions' contributions	\$ 1,880,364	\$ -	\$ 1,880,364	\$ 2,274,931	\$ -	\$ 2,274,931
Other contributions	5,101,644	28,502	5,130,146	4,565,558	108,237	4,673,795
Estates and bequests	8,289,562	-	8,289,562	8,328,962	116,340	8,445,302
Grants from Leader Dogs for the Blind Foundation (Note 9)	3,100,000	-	3,100,000	3,700,000	-	3,700,000
In-kind donations	135,448	-	135,448	297,099	-	297,099
Special events, net of expenses	410,321	-	410,321	498,856	-	498,856
Other operating revenue	209,308	-	209,308	151,363	-	151,363
Total	19,126,647	28,502	19,155,149	19,816,769	224,577	20,041,346
Net assets released from restrictions	113,198	(113,198)	-	69,635	(69,635)	-
Total public support	19,239,845	(84,696)	19,155,149	19,886,404	154,942	20,041,346
Expenses						
Program						
Training	10,160,481	-	10,160,481	9,747,544	-	9,747,544
Orientation and mobility	542,786	-	542,786	491,714	-	491,714
Volunteer engagement and community outreach	554,338	-	554,338	680,058	-	680,058
Foundation support (Note 9)	13,195	-	13,195	3,713,134	-	3,713,134
Total program	11,270,800	-	11,270,800	14,632,450	-	14,632,450
Supporting services						
General and administrative	2,262,898	-	2,262,898	1,981,501	-	1,981,501
Philanthropy	2,814,429	-	2,814,429	2,641,569	-	2,641,569
Total supporting services	5,077,327	-	5,077,327	4,623,070	-	4,623,070
For profit subsidiary expenses	889,771	-	889,771	528,388	-	528,388
Total expenses	17,237,898	-	17,237,898	19,783,908	-	19,783,908
Change in net assets before non-operating income	2,001,947	(84,696)	1,917,251	102,496	154,942	257,438
Non-operating income						
Net investment return	89,783	38,695	128,478	61,934	108,594	170,528
Change in value of beneficial interests in trusts	-	73,659	73,659	-	(62,857)	(62,857)
Capital campaign revenue	-	-	-	14,817	-	14,817
Gain on disposal of property and equipment	2,200	-	2,200	7,213	-	7,213
Other revenue	1,908	-	1,908	291	-	291
Total non-operating income	93,891	112,354	206,245	84,255	45,737	129,992
Change in net assets	2,095,838	27,658	2,123,496	186,751	200,679	387,430
Net assets, beginning of year	23,516,498	4,443,144	27,959,642	23,329,747	4,242,465	27,572,212
Net assets, end of year	\$25,612,336	\$ 4,470,802	\$30,083,138	\$23,516,498	\$ 4,443,144	\$27,959,642

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, 2020

	Program Services				Supporting Services		Total Leader Dogs Functional Expenses	Total Elite Detection K9, LLC Expenses	Total Consolidated Expenses
	Training	Orientation and Mobility	Volunteer Engagement and Community Outreach	Foundation Support (Note 9)	General and Administrative	Philanthropy			
Compensation	\$ 5,550,128	\$ 336,048	\$ 269,221	\$ -	\$ 1,019,885	\$ 1,336,920	\$ 8,512,202	\$ 515,573	\$ 9,027,775
Employee benefits	1,508,108	94,389	83,656	-	221,816	309,395	2,217,364	55,677	2,273,041
Insurance	185,239	5,239	20,888	-	47,912	20,319	279,597	25,288	304,885
Repairs and maintenance	216,353	5,045	14,634	-	68,871	50,730	355,633	-	355,633
Professional fees	55,642	2,758	(17,295)	-	76,751	18,469	136,325	13,920	150,245
Outside services	223,829	9,844	63,351	-	52,442	98,196	447,662	12,628	460,290
Service fees	130,664	13,307	14,074	-	50,113	109,310	317,468	12,644	330,112
Direct mail	-	-	7,536	-	-	611,684	619,220	-	619,220
Facilities	312,095	4,855	9,832	-	74,994	12,382	414,158	33,705	447,863
Special events	-	-	-	-	-	194,548	194,548	-	194,548
Supplies	120,391	18,707	46,297	-	23,293	95,386	304,074	13,328	317,402
Travel	181,644	9,892	4,982	-	7,516	53,013	257,047	13,650	270,697
Canine services	436,047	64	239	-	286	429	437,065	120,830	557,895
Client services	242,331	39,834	747	-	4,607	1,343	288,862	-	288,862
Promotional	9,875	246	2,006	-	1,166	14,449	27,742	72,151	99,893
Lions clubs	44,011	-	22,006	-	-	66,017	132,034	-	132,034
Depreciation	943,667	2,558	12,164	-	532,852	14,887	1,506,128	377	1,506,505
Bad debt	-	-	-	-	-	1,500	1,500	-	1,500
Interest	-	-	-	-	52,514	-	52,514	-	52,514
Other	457	-	-	-	27,880	-	28,337	-	28,337
Contributions made	-	-	-	13,195	-	-	13,195	-	13,195
Total expenses by function	10,160,481	542,786	554,338	13,195	2,262,898	3,008,977	16,542,675	889,771	17,432,446
Less expenses included in revenues on the consolidated statement of activities	-	-	-	-	-	(194,548)	(194,548)	-	(194,548)
Total expenses	\$ 10,160,481	\$ 542,786	\$ 554,338	\$ 13,195	\$ 2,262,898	\$ 2,814,429	\$ 16,348,127	\$ 889,771	\$ 17,237,898

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

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

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	
	2020	2019
Cash flows from operating activities		
Cash received from contributions	\$ 7,277,130	\$ 5,816,821
Cash received from estates and bequests	8,289,562	8,445,302
Cash received from grants	3,100,000	3,700,000
Cash received from special events	412,698	516,376
Cash paid to and on the behalf of employees	(11,117,297)	(10,053,320)
Cash paid to suppliers and others	(4,539,746)	(3,927,368)
Contribution paid to Foundation	-	(3,700,000)
Interest paid	(52,514)	(44,103)
Net cash provided by operating activities	<u>3,369,833</u>	<u>753,708</u>
Cash flows from investing activities		
Proceeds from sales and redemptions of investments	109,545	198,736
Purchases of investments	(95,818)	(221,209)
Proceeds from sales of property and equipment	2,200	7,213
Purchases and construction of property and equipment	(2,978,733)	(977,640)
Net cash used in investing activities	<u>(2,962,806)</u>	<u>(992,900)</u>
Cash flows from financing activities		
Payments received on pledges designated for capital campaign	37,326	2,344,402
Repayments of long-term debt	-	(1,400,000)
Proceeds from issuance of long-term debt	2,718,198	-
Cash received from the Paycheck Protection Program	1,978,891	-
Net cash provided by financing activities	<u>4,734,415</u>	<u>944,402</u>
Net increase in cash and cash equivalents	5,141,442	705,210
Cash and cash equivalents, beginning of year	<u>3,290,422</u>	<u>2,585,212</u>
Cash and cash equivalents, end of year	<u>\$ 8,431,864</u>	<u>\$ 3,290,422</u>

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 9), 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.

On July 1, 2020, EDK9 was merged into Canine Scent Detection, a not-for-profit organization. Canine Scent Detection was established as a supporting organization of Leader Dogs during the year ended June 30, 2020 and had no operating activity.

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

Risks and Economic Uncertainties

The outbreak of a novel coronavirus (COVID-19), which the World Health Organization declared in March 2020 to be a pandemic, continues to spread throughout the United States of America and the globe. The Michigan State Governor issued temporary Executive Orders that, among other stipulations, effectively prohibited in-person work activities, having the effect of suspending or severely curtailing operations. As a result, the COVID-19 outbreak is disruptive and affects normal activities. The extent of the ultimate impact of the pandemic will depend on various developments, including the duration and spread of the outbreak and its impact on donors, program recipients, employees, vendors, and other constituents, all of which cannot be reasonably predicted at this time. Leader Dogs has secured borrowings in the amount of \$1,978,891 through the Paycheck Protection Program ("PPP"), obtained through the federal Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), which was enacted into law on March 28, 2020, see Note 4. While management reasonably expects the COVID-19 outbreak to negatively impact Leader Dogs' financial position, changes in net assets, and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles 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.

LEADER DOGS FOR THE BLIND AND SUBSIDIARY

Notes to Consolidated Financial Statements

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 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 and capital campaign revenue.

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. All significant intercompany accounts and transactions have been eliminated in the accompanying consolidated financial statements.

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 accounts, and management believes the Organization is not exposed to any unusual credit risk on cash and cash equivalents.

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 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, 2020. All promises to give at June 30, 2020 are current. Management did not record a discount at June 30, 2019 as it was not considered significant and the non-current portion of the promises to give was expected to be collected in the next one to five years.

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.

Revenue from Contracts with Customers

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

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 consolidated 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.

LEADER DOGS FOR THE BLIND AND SUBSIDIARY

Notes to Consolidated Financial Statements

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.

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 2.

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.

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.

LEADER DOGS FOR THE BLIND AND SUBSIDIARY

Notes to Consolidated Financial Statements

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, 2020 and 2019.

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 2020 or 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 and 2020, the only years which are subject to examination as of June 30, 2020. 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, 2020 or 2019, and it is not aware of any claims for such amounts by federal or state income tax authorities.

LEADER DOGS FOR THE BLIND AND SUBSIDIARY

Notes to Consolidated Financial Statements

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 contributions receivable.

Reclassification

Certain amounts as reported in the 2019 consolidated financial statements have been reclassified to conform with the 2020 presentation.

Change in Accounting Principles

The Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Accounting Standards Codification Topic 606)*, in May 2014. The standard, as amended, requires revenue to be recognized when promised goods and services are transferred to customers in amounts that reflect the consideration to which the Organization expects to be entitled in exchange for those goods or services. The standard also requires expanded disclosures regarding revenue and contracts with customers. On July 1, 2019, the Organization adopted the standard using the modified retrospective method and applied the standard only to contracts that were not completed as of that date. There was no impact to the timing or amount of revenue recognized as a result of this adoption.

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 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 evaluates if a transaction is an exchange transaction by determining if each party to the transaction directly receive commensurate value. If both parties to the transaction directly receive 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. On July 1, 2019, the Organization adopted the standard for contributions received using the modified prospective basis and elected to apply the provisions only to agreements that were entered into after the effective date. There was no impact to the timing or amount of contributions recognized as a result of this adoption.

Subsequent Events

In preparing these consolidated financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2020, the most recent consolidated statement of financial position presented herein, through November 17, 2020, the date these consolidated financial statements were available to be issued. No significant such events or transactions were identified, other than as described above in Note 1.

LEADER DOGS FOR THE BLIND AND SUBSIDIARY

Notes to Consolidated Financial Statements

2. 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, 2020 and 2019.

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.

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.

LEADER DOGS FOR THE BLIND AND SUBSIDIARY

Notes to Consolidated 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:

2020	Level 1	Level 2	Level 3	Total
Investments				
Corporate bonds	\$ 1,650,288	\$ -	\$ -	\$ 1,650,288
Mutual funds				
Equity	391,411	-	-	391,411
Bond	167,444	-	-	167,444
Equity securities	56,833	-	-	56,833
Common stocks	520,203	-	-	520,203
Other investments	142,542	-	-	142,542
Total investments	<u>\$ 2,928,721</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,928,721</u>
Beneficial interests in trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,251,657</u>	<u>\$ 1,251,657</u>
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
Total investments	<u>\$ 2,890,026</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,890,026</u>
Beneficial interests in trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,177,998</u>	<u>\$ 1,177,998</u>

LEADER DOGS FOR THE BLIND AND SUBSIDIARY

Notes to Consolidated Financial Statements

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:

	2020	2019
Balance, beginning of year	\$ 1,177,998	\$ 1,240,855
Change in estimated fair value	73,659	(62,857)
Balance, end of year	<u>\$ 1,251,657</u>	<u>\$ 1,177,998</u>

3. PROPERTY AND EQUIPMENT

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

	2020	2019
Buildings	\$ 32,335,188	\$ 29,897,452
Furniture and equipment	2,674,852	2,543,752
Vehicles	1,100,903	1,002,209
Land improvements	1,091,465	494,369
Land	421,841	419,541
Construction in progress	428,470	733,184
Total property and equipment	38,052,719	35,090,507
Less accumulated depreciation	(15,392,816)	(13,903,208)
Net property and equipment	<u>\$ 22,659,903</u>	<u>\$ 21,187,299</u>

Construction in progress primarily represents costs for the new EDK9 building not completed as of June 30, 2020. Management estimates the remaining cost to complete the project to be \$3,900,000. Due to COVID-19, this project is on hold indefinitely at June 30, 2020.

4. BANK DEBT AND PAYCHECK PROTECTION PROGRAM LOAN

On August 2, 2019, Leader Dogs entered into a \$6,000,000 line of credit agreement with a bank of which \$2,718,198 is outstanding at June 30, 2020. This line of credit was utilized to purchase a building to be utilized by EDK9 and begin renovations. This line of credit has a maturity date of August 3, 2021 and a variable interest rate, which was 1.38% at June 30, 2020. The line of credit is guaranteed by the Foundation.

LEADER DOGS FOR THE BLIND AND SUBSIDIARY

Notes to Consolidated Financial Statements

The Organization is a recipient of a Paycheck Protection Program ("PPP") loan of \$1,978,891 granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). Under the program terms, PPP loans are forgiven if the loan proceeds are used to maintain compensation costs and employee headcount, and other qualifying expenses (mortgage interest, rent, and utilities) incurred following the receipt of the loan. The portion of the PPP loan that is not forgiven is subject to a 1% interest rate and is due within two years. The Organization has elected to treat these proceeds as debt and therefore the Organization will recognize a gain on extinguishment of debt when it is legally released as primary obligor.

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 repaid the balance in full during fiscal 2019.

5. 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 \$93,000 and \$98,000 for 2020 and 2019, 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, 2020:

Year	Amount
2021	\$ 94,651
2022	63,048
2023	36,927
2024	15,325
Total minimum payments due	<u>\$ 209,951</u>

6. NET ASSETS WITH DONOR RESTRICTIONS AND ENDOWMENTS

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

	2020	2019
Subject to expenditure for specified purpose		
Grants	<u>\$ 131,944</u>	<u>\$ 103,623</u>
Subject to the passage of time		
Charitable gift annuities	480,109	498,594
Life insurance policies	212,190	216,135
Other contributions	-	45,072
Total	<u>692,299</u>	<u>759,801</u>

LEADER DOGS FOR THE BLIND AND SUBSIDIARY

Notes to Consolidated Financial Statements

	2020	2019
Endowments		
Subject to appropriation and expenditure when a		
specified event occurs		
Restricted by donors for general use	\$ 65,068	\$ 71,888
Perpetual in nature, earnings from which are		
subject to endowment spending policy		
and appropriations		
Donor-restricted endowments	<u>2,329,834</u>	<u>2,329,834</u>
Total endowments	<u>2,394,902</u>	<u>2,401,722</u>
Perpetual in nature, not subject to		
spending policy and appropriations		
Beneficial interests in perpetual trust	<u>1,251,657</u>	<u>1,177,998</u>
Total net assets with donor restrictions	<u>\$ 4,470,802</u>	<u>\$ 4,443,144</u>

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. No such deficiency exists at June 30, 2020 and 2019.

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

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.

LEADER DOGS FOR THE BLIND AND SUBSIDIARY

Notes to Consolidated Financial Statements

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

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

	2020 With Donor Restrictions	2019 With Donor Restrictions
Endowment net assets comparison by type of fund as of June 30		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity	\$ 2,329,834	\$ 2,329,834
Accumulated investment gains	<u>65,068</u>	<u>71,888</u>
Total donor-restricted endowments	<u>\$ 2,394,902</u>	<u>\$ 2,401,722</u>
Changes in endowment net assets for the years ended June 30		
Net investment income	\$ 57,180	\$ 129,156
Contributions	-	116,340
Appropriation of endowment assets for expenditure	<u>(64,000)</u>	<u>(30,077)</u>
Changes to endowment net assets	(6,820)	215,419
Endowment net assets		
Beginning of year	<u>2,401,722</u>	<u>2,186,303</u>
End of year	<u>\$ 2,394,902</u>	<u>\$ 2,401,722</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.

LEADER DOGS FOR THE BLIND AND SUBSIDIARY

Notes to Consolidated Financial Statements

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.

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. 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 \$360,471 and \$349,531 in 2020 and 2019, respectively, for matching contributions. The Organization also made a discretionary employer contribution of \$84,245 and \$86,909 in 2020 and 2019, respectively.

8. 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 approximately \$40,000 in 2020 and 2019. Included in prepaid expenses and other assets as well as accrued payroll and other liabilities is \$355,191 and \$301,054 as of June 30, 2020 and 2019, respectively, related to the plan.

9. 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 \$3,100,000 and \$3,700,000 during the years ended June 30, 2020 and 2019, respectively.

LEADER DOGS FOR THE BLIND AND SUBSIDIARY

Notes to Consolidated Financial Statements

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. Due to the uncertainty surrounding COVID-19, this contribution was not made during the year ended June 30, 2020. During the year ended June 30, 2019, the Organization contributed \$3,700,000 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 \$13,195 and \$13,134 for the years ended June 30, 2020 and 2019, 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 at that time was also the CEO of that entity.

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 consolidated statement of financial position date, comprise the following at June 30:

	2020	2019
Financial assets		
Cash and cash equivalents	\$ 8,431,864	\$ 3,290,422
Receivables	317,992	600,825
Investments	2,928,721	2,890,026
Beneficial interests in trust	1,251,657	1,177,998
	<hr/>	<hr/>
Total consolidated financial assets at June 30	12,930,234	7,959,271
Less financial assets held by for-profit subsidiary	113,512	4,053
	<hr/>	<hr/>
Total financial assets held by Leader Dogs	12,816,722	7,955,218
Less amounts with limits on usage		
Spendable net assets with donor purpose restrictions	131,944	103,623
Spendable net assets with donor time restrictions	692,299	759,801
Endowment assets subject to endowment spending policy and appropriation	2,329,834	2,329,834
Beneficial interests in perpetual trusts not subject to spending policy or appropriation	1,251,657	1,177,998
	<hr/>	<hr/>
Total financial assets available for general use within one year	<u>\$ 8,410,988</u>	<u>\$ 3,583,962</u>

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.



INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

November 17, 2020

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 years ended June 30, 2020 and 2019, and have issued our report thereon dated November 17, 2020, 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
AS OF AND FOR THE YEARS ENDED
JUNE 30, 2020 AND 2019**

LEADER DOGS FOR THE BLIND AND SUBSIDIARY

Consolidating Schedule of Financial Position

ASSETS	June 30, 2020			
	Leader Dogs for the Blind	Elite Detection K9, LLC	Eliminations	Total
Current assets				
Cash and cash equivalents	\$ 8,318,352	\$ 113,512	\$ -	\$ 8,431,864
Current portion of pledges receivable	520	-	-	520
Due from Elite Detection K9	1,297,984	-	(1,297,984)	-
Current portion of contributions receivable	311,780	-	-	311,780
Accounts receivable	-	5,692	-	5,692
Prepaid expenses and other assets	911,926	7,793	-	919,719
Total current assets	10,840,562	126,997	(1,297,984)	9,669,575
Investments (including charitable gift annuities of \$480,109)	2,928,721	-	-	2,928,721
Beneficial interests in trusts	1,251,657	-	-	1,251,657
Investment in subsidiary	32,072	-	(32,072)	-
Net property and equipment	22,657,980	1,923	-	22,659,903
Total assets	\$ 37,710,992	\$ 128,920	\$ (1,330,056)	\$ 36,509,856
LIABILITIES AND NET ASSETS				
Liabilities				
Current liabilities				
Accounts payable	\$ 363,890	\$ 5,997	\$ -	\$ 369,887
Accrued payroll and other liabilities	1,185,316	28,776	-	1,214,092
Due to Leader Dogs for the Blind	-	1,297,984	(1,297,984)	-
Total current liabilities	1,549,206	1,332,757	(1,297,984)	1,583,979
Gift annuity liability	145,650	-	-	145,650
Debt	2,718,198	-	-	2,718,198
Paycheck Protection Program loan	1,898,600	80,291	-	1,978,891
Total liabilities	6,311,654	1,413,048	(1,297,984)	6,426,718
Net assets				
Without donor restrictions	26,928,536	-	(1,316,200)	25,612,336
With donor restrictions	4,470,802	-	-	4,470,802
Total net assets	31,399,338	-	(1,316,200)	30,083,138
Member's equity				
Contributed capital	-	32,072	(32,072)	-
Accumulated deficit	-	(1,316,200)	1,316,200	-
Total member's equity	-	(1,284,128)	1,284,128	-
Total liabilities and net assets	\$ 37,710,992	\$ 128,920	\$ (1,330,056)	\$ 36,509,856

See independent auditors' report on supplementary information.

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
Current assets				
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
Total current assets	5,097,245	14,403	(450,369)	4,661,279
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
Total assets	\$ 30,388,601	\$ 14,403	\$ (480,687)	\$ 29,922,317
LIABILITIES AND NET ASSETS				
Liabilities				
Current liabilities				
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)	-
Total current liabilities	1,766,074	481,973	(450,369)	1,797,678
Gift annuity liability	164,997	-	-	164,997
Total liabilities	1,931,071	481,973	(450,369)	1,962,675
Net assets				
Without donor restrictions	24,014,386	-	(497,888)	23,516,498
With donor restrictions	4,443,144	-	-	4,443,144
Total net assets	28,457,530	-	(497,888)	27,959,642
Member's equity				
Contributed capital	-	30,318	(30,318)	-
Accumulated deficit	-	(497,888)	497,888	-
Total member's equity	-	(467,570)	467,570	-
Total liabilities and net assets	\$ 30,388,601	\$ 14,403	\$ (480,687)	\$ 29,922,317

See independent auditors' report on supplementary information.

LEADER DOGS FOR THE BLIND AND SUBSIDIARY

Consolidating Schedule of Activities

	Year Ended June 30, 2020				
	Without Donor Restrictions		With Donor Restrictions	Consolidating Entries	Total
	Leader Dogs for the Blind	Elite Detection K9	Leader Dogs for the Blind		
Public support					
Lions' contributions	\$ 1,880,364	\$ -	\$ -	\$ -	\$ 1,880,364
Other contributions	5,101,644	-	28,502	-	5,130,146
Estates and bequests	8,289,562	-	-	-	8,289,562
Grants from Leader Dogs for the Blind Foundation	3,100,000	-	-	-	3,100,000
In-kind donations	135,448	-	-	-	135,448
Special events, net of expenses	410,321	-	-	-	410,321
Other operating revenue	137,849	123,973	-	(52,514)	209,308
Total	19,055,188	123,973	28,502	(52,514)	19,155,149
Net assets released from restrictions	113,198	-	(113,198)	-	-
Total public support	19,168,386	123,973	(84,696)	(52,514)	19,155,149
Expenses					
Program					
Training	10,160,481	-	-	-	10,160,481
Orientation and mobility	542,786	-	-	-	542,786
Volunteer engagement and community outreach	554,338	-	-	-	554,338
Foundation support	13,195	-	-	-	13,195
Total program	11,270,800	-	-	-	11,270,800
Supporting services					
General and administrative	2,262,898	-	-	-	2,262,898
Philanthropy	2,814,429	-	-	-	2,814,429
Total supporting services	5,077,327	-	-	-	5,077,327
For profit subsidiary expenses	-	942,285	-	(52,514)	889,771
Total expenses	16,348,127	942,285	-	(52,514)	17,237,898
Change in net assets before non-operating income	2,820,259	(818,312)	(84,696)	-	1,917,251
Non-operating income					
Net investment return	89,783	-	38,695	-	128,478
Change in value of beneficial interests in trusts	-	-	73,659	-	73,659
Gain on disposal of property and equipment	2,200	-	-	-	2,200
Other revenue	1,908	-	-	-	1,908
Total non-operating income	93,891	-	112,354	-	206,245
Change in net assets	2,914,150	(818,312)	27,658	-	2,123,496
Net assets, beginning of year	24,014,386	(497,888)	4,443,144	-	27,959,642
Net assets, end of year	\$ 26,928,536	\$ (1,316,200)	\$ 4,470,802	\$ -	\$ 30,083,138

See independent auditors' report on supplementary 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 K9	Leader Dogs for the Blind		
Public support					
Lions' contributions	\$ 2,274,931	\$ -	\$ -	\$ -	\$ 2,274,931
Other contributions	4,565,558	-	108,237	-	4,673,795
Estates and bequests	8,328,962	-	116,340	-	8,445,302
Grants from Leader Dogs for the Blind Foundation	3,700,000	-	-	-	3,700,000
In-kind donations	297,099	-	-	-	297,099
Special events, net of expenses	498,856	-	-	-	498,856
Other operating revenue	120,863	30,500	-	-	151,363
Total	19,786,269	30,500	224,577	-	20,041,346
Net assets released from restrictions	69,635	-	(69,635)	-	-
Total public support	19,855,904	30,500	154,942	-	20,041,346
Expenses					
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
Total program	14,632,450	-	-	-	14,632,450
Supporting services					
General and administrative	1,981,501	-	-	-	1,981,501
Philanthropy	2,641,569	-	-	-	2,641,569
Total supporting services	4,623,070	-	-	-	4,623,070
For profit subsidiary expenses	-	528,388	-	-	528,388
Total expenses	19,255,520	528,388	-	-	19,783,908
Change in net assets before non-operating income	600,384	(497,888)	154,942	-	257,438
Non-operating income (loss)					
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	291	-	-	-	291
Total non-operating income, net	84,255	-	45,737	-	129,992
Change in net assets	684,639	(497,888)	200,679	-	387,430
Net assets, beginning of year	23,329,747	-	4,242,465	-	27,572,212
Net assets, end of year	\$ 24,014,386	\$ (497,888)	\$ 4,443,144	\$ -	\$ 27,959,642

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