

Leader Dogs For
the Blind and
Supporting
Organization



Years Ended
June 30,
2021 and 2020

Consolidated
Financial
Statements and
Supplementary
Information

Rehmann

LEADER DOGS FOR THE BLIND AND SUPPORTING ORGANIZATION

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INDEPENDENT AUDITORS' REPORT

November 16, 2021

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

We have audited the accompanying consolidated financial statements of **Leader Dogs for the Blind and Supporting Organization** (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, 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 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.

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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 Supporting Organization*** as of June 30, 2021 and 2020, 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.

Change in Accounting Principle

As described in Note 1, during the year ended June 30, 2021, the Organization implemented a recent accounting principle related to contributions made. Our opinion is not modified with respect to this matter.

Rehmann Lohman LLC

LEADER DOGS FOR THE BLIND AND SUPPORTING ORGANIZATION

Consolidated Statements of Financial Position

	June 30	
	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,381,131	\$ 8,431,864
Contributions receivable	1,328,920	311,780
Accounts receivable	59,895	5,692
Prepaid expenses and other assets	1,027,469	920,239
Total current assets	5,797,415	9,669,575
Investments (including charitable gift annuities of \$355,246 in 2021 and \$480,109 in 2020)	2,935,302	2,928,721
Beneficial interests in trusts	1,395,910	1,251,657
Net property and equipment	21,502,476	22,659,903
Total assets	\$ 31,631,103	\$ 36,509,856
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Accounts payable	\$ 550,958	\$ 369,887
Accrued payroll and other liabilities	1,511,062	1,214,092
Debt	2,718,198	2,718,198
Total current liabilities	4,780,218	4,302,177
Gift annuity liability	72,953	145,650
Paycheck Protection Program loan	-	1,978,891
Total liabilities	4,853,171	6,426,718
Net assets		
Without donor restrictions	22,133,445	25,612,336
With donor restrictions	4,644,487	4,470,802
Total net assets	26,777,932	30,083,138
Total liabilities and net assets	\$ 31,631,103	\$ 36,509,856

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

LEADER DOGS FOR THE BLIND AND SUPPORTING ORGANIZATION

Consolidated Statement of Activities

	Year Ended June 30					
	2021			2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Public support and revenue						
Lions' contributions	\$ 1,567,481	\$ -	\$ 1,567,481	\$ 1,880,364	\$ -	\$ 1,880,364
Other contributions	5,293,763	214,698	5,508,461	5,101,644	28,502	5,130,146
Estates and bequests	6,745,105	-	6,745,105	8,289,562	-	8,289,562
Grants from Leader Dogs for the Blind Foundation	3,100,000	-	3,100,000	3,100,000	-	3,100,000
In-kind donations	97,574	-	97,574	135,448	-	135,448
Special events, net of expenses	330,799	-	330,799	410,321	-	410,321
Other operating revenue	415,494	-	415,494	209,308	-	209,308
Total	17,550,216	214,698	17,764,914	19,126,647	28,502	19,155,149
Net assets released from restrictions	191,848	(191,848)	-	113,198	(113,198)	-
Total public support and revenue	17,742,064	22,850	17,764,914	19,239,845	(84,696)	19,155,149
Expenses						
Program						
Training	9,475,583	-	9,475,583	10,160,481	-	10,160,481
Orientation and mobility	554,379	-	554,379	542,786	-	542,786
Volunteer engagement and community outreach	558,286	-	558,286	554,338	-	554,338
Canine Scent Detection Services	965,019	-	965,019	-	-	-
Leader Dogs for the Blind Foundation support	7,112,732	-	7,112,732	13,195	-	13,195
Total program	18,665,999	-	18,665,999	11,270,800	-	11,270,800
Supporting services						
General and administrative	2,191,232	-	2,191,232	2,262,898	-	2,262,898
Philanthropy	2,677,981	-	2,677,981	2,814,429	-	2,814,429
Total supporting services	4,869,213	-	4,869,213	5,077,327	-	5,077,327
For profit subsidiary expenses	-	-	-	889,771	-	889,771
Total expenses	23,535,212	-	23,535,212	17,237,898	-	17,237,898
Change in net assets before non-operating income	(5,793,148)	22,850	(5,770,298)	2,001,947	(84,696)	1,917,251
Non-operating income						
Net investment return	129,467	6,582	136,049	89,783	38,695	128,478
Change in value of beneficial interests in trusts	-	144,253	144,253	-	73,659	73,659
Gain on disposal of property and equipment	-	-	-	2,200	-	2,200
Gain on extinguishment of debt	1,978,891	-	1,978,891	-	-	-
Other revenue, net	205,899	-	205,899	1,908	-	1,908
Total non-operating income	2,314,257	150,835	2,465,092	93,891	112,354	206,245
Change in net assets	(3,478,891)	173,685	(3,305,206)	2,095,838	27,658	2,123,496
Net assets, beginning of year	25,612,336	4,470,802	30,083,138	23,516,498	4,443,144	27,959,642
Net assets, end of year	\$ 22,133,445	\$ 4,644,487	\$ 26,777,932	\$ 25,612,336	\$ 4,470,802	\$ 30,083,138

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

LEADER DOGS FOR THE BLIND AND SUPPORTING ORGANIZATION

Consolidated Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services					Supporting Services		Total Consolidated Expenses
	Training	Orientation and Mobility	Volunteer Engagement and Community Outreach	Canine Scent Detection Services	Foundation Support	General and Administrative	Philanthropy	
Compensation	\$ 5,269,665	\$ 363,045	\$ 295,168	\$ 587,282	-	\$ 981,724	\$ 1,313,689	\$ 8,810,573
Employee benefits	1,490,962	108,185	85,581	60,300	-	235,087	318,699	2,298,814
Insurance	197,682	13,543	21,712	26,961	-	60,326	18,223	338,447
Repairs and maintenance	210,666	2,918	13,569	-	-	119,583	55,427	402,163
Professional fees	21,352	1,065	886	85,000	-	48,359	15,478	172,140
Outside services	156,769	9,978	51,167	34,710	-	69,835	73,029	395,488
Service fees	114,422	15,667	17,068	4,311	-	69,222	176,413	397,103
Direct mail	-	-	928	-	-	-	552,908	553,836
Facilities	317,125	5,055	10,005	150	-	75,250	12,603	420,188
Special events	-	-	-	-	-	-	59,497	59,497
Supplies	92,134	19,708	43,091	8,766	-	21,893	90,268	275,860
Travel	116,290	3,479	1,306	18,806	-	986	3,902	144,769
Canine operations	458,476	-	-	137,050	-	-	-	595,526
Client services	99,273	8,680	363	-	-	3,106	564	111,986
Promotional	11,143	546	3,485	400	-	2,697	10,836	29,107
Lions clubs	1,417	-	2,020	-	-	-	3,437	6,874
Depreciation	918,207	2,510	11,937	1,283	-	448,596	14,610	1,397,143
Bad debt	-	-	-	-	-	-	17,895	17,895
Interest	-	-	-	-	-	36,803	-	36,803
Other	-	-	-	-	-	17,765	-	17,765
Contributions made	-	-	-	-	7,112,732	-	-	7,112,732
Total expenses by function	9,475,583	554,379	558,286	965,019	7,112,732	2,191,232	2,737,478	23,594,709
Less expenses included in revenues on the consolidated statement of activities	-	-	-	-	-	-	(59,497)	(59,497)
Total expenses	\$ 9,475,583	\$ 554,379	\$ 558,286	\$ 965,019	\$ 7,112,732	\$ 2,191,232	\$ 2,677,981	\$ 23,535,212

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

LEADER DOGS FOR THE BLIND AND SUPPORTING ORGANIZATION

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	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 operations	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 SUPPORTING ORGANIZATION

Consolidated Statements of Cash Flows

	June 30	
	2021	2020
Cash flows from operating activities		
Cash received from contributions	\$ 6,921,003	\$ 7,277,130
Cash received from estates and bequests	5,882,904	8,289,562
Cash received from grants	3,100,000	3,100,000
Cash received from special events	355,799	412,698
Cash paid to and on the behalf of employees	(10,911,047)	(11,117,297)
Cash paid to suppliers and others	(3,119,948)	(4,539,746)
Contribution paid to Foundation	(7,100,000)	-
Interest paid	(36,803)	(52,514)
Net cash (used in) provided by operating activities	(4,908,092)	3,369,833
Cash flows from investing activities		
Proceeds from sales and redemptions of investments	264,431	109,545
Purchases of investments	(167,878)	(95,818)
Proceeds from sales of property and equipment	-	2,200
Purchases and construction of property and equipment	(239,714)	(2,978,733)
Net cash used in investing activities	(143,161)	(2,962,806)
Cash flows from financing activities		
Payments received on pledges designated for capital campaign	520	37,326
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	520	4,734,415
Net (decrease) increase in cash and cash equivalents	(5,050,733)	5,141,442
Cash and cash equivalents, beginning of year	8,431,864	3,290,422
Cash and cash equivalents, end of year	\$ 3,381,131	\$ 8,431,864

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

LEADER DOGS FOR THE BLIND AND SUPPORTING ORGANIZATION

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 15,500 person/dog teams. As the second guide dog organization founded in the United States, Leader Dogs 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") was a wholly-owned, for-profit subsidiary founded in fiscal 2019 that bred, raised, and trained dogs specifically for munitions and explosives scent detection.

Canine Scent Detection Services ("Canine Scent Detection") is a not-for-profit supporting organization of Leader Dogs. On July 1, 2020, EDK9 merged into Canine Scent Detection and EDK9 was immediately dissolved. Canine Scent Detection recorded the assets and liabilities of EDK9 at carrying value as both entities were under the common control of Leader Dogs. Canine Scent Detection was established in fiscal 2020 and had no activity prior to July 1, 2020. As a result of the merger, all of the operations of EDK9 became the operations of Canine Scent Detection. EDK9 used the assumed name Elite Detection K9. That assumed name transferred to Canine Scent Detection and is currently used as its trade name.

Collectively, Leader Dogs and Canine Scent Detection 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. As a result, the COVID-19 outbreak has disrupted and affected normal activities. In April 2020, the Organization 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. The Organization received full forgiveness for the PPP loan in fiscal 2021, see Note 4. 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. While management reasonably expects the COVID-19 outbreak to negatively impact the Organization's financial position, changes in net assets, and the timing and amounts of cash flows, the related financial consequences and duration remain highly uncertain.

LEADER DOGS FOR THE BLIND AND SUPPORTING ORGANIZATION

Notes to Consolidated Financial Statements

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.

Basis of Presentation

The 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.

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.

The Organization's operating revenue in excess of operating expense includes all operating revenues and expenses that are an integral part of its programs and supporting activities and the assets released from donor restrictions to support operating expenditures. The measure of operations excludes net investment return in excess of amounts made available for operations, the change in the value of the beneficial interests in trust, capital campaign revenue, and the gain on debt extinguishment.

Principles of Consolidation

The 2021 consolidated financial statements include the accounts of Leader Dogs for the Blind and its supporting organization, Canine Scent Detection. The 2020 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 these consolidated financial statements.

LEADER DOGS FOR THE BLIND AND SUPPORTING ORGANIZATION

Notes to 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 significant interest rate or other financial risk as a result of these deposits.

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.

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, 2021 and 2020. All promises to give at June 30, 2021 are expected to be collected in the next year.

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 revenue on the consolidated statements of activities consists of revenue related to the gift shop and souvenir purchases as well as the training and sale of dogs by Canine Scent Detection. 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.

Receivables from contracts with customers were as follows for the years ended June 30:

	2021	2020
Accounts receivable, beginning of the year	\$ 5,692	\$ -
Accounts receivable, end of the year	\$ 59,895	\$ 5,692

LEADER DOGS FOR THE BLIND AND SUPPORTING ORGANIZATION

Notes to Consolidated Financial Statements

Investments

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

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 SUPPORTING ORGANIZATION

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 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 whenever events or changes in circumstances indicate the related carrying value may not be recoverable. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets, which range from 3 to 30 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.

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 these consolidated financial statements and no value has been recorded for the years ended June 30, 2021 and 2020.

LEADER DOGS FOR THE BLIND AND SUPPORTING ORGANIZATION

Notes to Consolidated Financial Statements

Income Taxes

Leader Dogs and Canine Scent Detection are recognized as nonprofit organizations that are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organizations are organized under the laws of the State of Michigan as nonprofit organizations and are exempt from state and local income taxes. The Organizations evaluate annually uncertain income tax positions which would impact their nontaxable status or result in unrelated business income tax, and believe there are no uncertain income tax positions of significance that are required to be recorded or disclosed in these consolidated financial statements.

Management analyzed the Organizations' income tax filing positions in the federal and state jurisdictions where they are required to file income tax returns, for all open tax years in these jurisdictions, to identify potential uncertain tax positions. Management has concluded that there are no significant uncertain tax positions requiring recognition in the Organizations' consolidated financial statements.

Prior to fiscal 2021, EDK9 recognized deferred income taxes for the tax consequences of temporary differences between the financial reporting basis and the federal income tax basis of its 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.

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.

Change in Accounting Principle

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 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, 2020, the Organization adopted the standard for contributions made 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 made as a result of this adoption.

LEADER DOGS FOR THE BLIND AND SUPPORTING ORGANIZATION

Notes to Consolidated Financial Statements

Upcoming Accounting Pronouncement

The Financial Accounting Standards Board ("FASB") issued ASU No. 2016-02, *Leases (Topic 842)*. This standard requires all leases with durations greater than twelve months to be recognized on the statement of financial position as assets and liabilities. The new guidance will continue to classify leases as either finance or operating, with classification affecting the presentation and pattern of expense and income recognition, in the statement of activities. The standard also requires additional quantitative and qualitative disclosures about leasing arrangements. The standard is effective for the Organization beginning July 1, 2022. Management does not expect for the implementation of the standard to have a material impact on the results of the Organization's operations.

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, 2021, the most recent consolidated statement of financial position presented herein, through November 16, 2021, the date these consolidated financial statements were available to be issued. No significant such events or transactions were identified, other than as described in Note 4.

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.

LEADER DOGS FOR THE BLIND AND SUPPORTING ORGANIZATION

Notes to Consolidated Financial Statements

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, 2021 and 2020.

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 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.

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.

LEADER DOGS FOR THE BLIND AND SUPPORTING ORGANIZATION

Notes to Consolidated Financial Statements

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:

2021	Level 1	Level 2	Level 3	Total
Investments				
Corporate bonds	\$ 1,530,807	\$ -	\$ -	\$ 1,530,807
Mutual funds				
Equity	336,164	-	-	336,164
Bond	139,293	-	-	139,293
Equity securities	82,245	-	-	82,245
Common stocks	708,788	-	-	708,788
Other investments	138,005	-	-	138,005
Total investments	\$ 2,935,302	\$ -	\$ -	\$ 2,935,302
Beneficial interests in trusts	\$ -	\$ -	\$ 1,395,910	\$ 1,395,910
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	\$ 2,928,721	\$ -	\$ -	\$ 2,928,721
Beneficial interests in trusts	\$ -	\$ -	\$ 1,251,657	\$ 1,251,657

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:

	2021	2020
Balance, beginning of year	\$ 1,251,657	\$ 1,177,998
Change in estimated fair value	144,253	73,659
Balance, end of year	\$ 1,395,910	\$ 1,251,657

LEADER DOGS FOR THE BLIND AND SUPPORTING ORGANIZATION

Notes to Consolidated Financial Statements

3. PROPERTY AND EQUIPMENT

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

	2021	2020
Buildings	\$ 32,401,853	\$ 32,335,188
Furniture and equipment	2,791,679	2,674,852
Vehicles	1,142,191	1,100,903
Land improvements	1,106,122	1,091,465
Land	419,541	421,841
Construction in progress	431,046	428,470
Total property and equipment	38,292,432	38,052,719
Less accumulated depreciation	16,789,956	15,392,816
Net property and equipment	<u>\$ 21,502,476</u>	<u>\$ 22,659,903</u>

Construction in progress primarily represents costs for the Canine Scent Detection building not completed as of June 30, 2021. Management estimates the remaining cost to complete the project to be \$5,000,000. Due to COVID-19, this project is on hold at June 30, 2021 and is expected to re-start during fiscal 2022.

4. BANK DEBT, SUBSEQUENT EVENT, 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, 2021 and 2020. This line of credit was utilized to purchase a building to be utilized by Canine Scent Detection and begin renovations. This line of credit had a maturity date of August 2, 2021 and a variable interest rate, which was 1.29% at June 30, 2021. The line of credit is guaranteed by the Foundation. Subsequent to June 30, 2021, the line of credit agreement was extended with a new maturity date of February 2, 2022.

Leader Dogs and Canine Scent Detection were both the recipients of Paycheck Protection Program ("PPP") loans totaling \$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. Leader Dogs and Canine Scent Detection received forgiveness for the full amount of the loans from the Small Business Administration ("SBA") during fiscal 2021 and therefore, recognized gains on extinguishment of debts on the 2021 consolidated statement of activities.

LEADER DOGS FOR THE BLIND AND SUPPORTING ORGANIZATION

Notes to Consolidated Financial Statements

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 \$113,000 and \$93,000 for 2021 and 2020, 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, 2021:

Year	Amount
2022	\$ 72,158
2023	38,429
2024	20,507
2025	691
Total minimum payments due	<u>\$ 131,785</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:

	2021	2020
Subject to expenditure for specified purpose		
Grants	<u>\$ 90,975</u>	<u>\$ 131,944</u>
Subject to the passage of time		
Charitable gift annuities	355,246	480,109
Life insurance policies	<u>207,286</u>	<u>212,190</u>
Total	<u>562,532</u>	<u>692,299</u>
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for general use	141,512	65,068
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriations		
Donor-restricted endowments	<u>2,453,558</u>	<u>2,329,834</u>
Total endowments	<u>2,595,070</u>	<u>2,394,902</u>
Perpetual in nature, not subject to spending policy and appropriations		
Beneficial interests in perpetual trust	<u>1,395,910</u>	<u>1,251,657</u>
Total net assets with donor restrictions	<u>\$ 4,644,487</u>	<u>\$ 4,470,802</u>

LEADER DOGS FOR THE BLIND AND SUPPORTING ORGANIZATION

Notes to Consolidated Financial Statements

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, 2021 and 2020.

When an endowment is underwater, it is the Organization's intent to reinvest any dividends and interest until the endowment is made whole at which time, the Organization will 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.

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 SUPPORTING ORGANIZATION

Notes to Consolidated Financial Statements

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

	2021 With Donor Restrictions	2020 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	\$ 2,453,558	\$ 2,329,834
Accumulated investment gains	141,512	65,068
Total donor-restricted endowments	\$ 2,595,070	\$ 2,394,902
Changes in endowment net assets for the years ended June 30		
Net investment income	\$ 131,444	\$ 57,180
Appropriation of endowment assets for expenditure	(55,000)	(64,000)
Contributions	123,724	-
Changes to endowment net assets	200,168	(6,820)
Endowment net assets		
Beginning of year	2,394,902	2,401,722
End of year	\$ 2,595,070	\$ 2,394,902

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

LEADER DOGS FOR THE BLIND AND SUPPORTING ORGANIZATION

Notes to Consolidated Financial Statements

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 \$369,735 and \$360,471 in 2021 and 2020, respectively, for matching contributions. The Organization also made a discretionary employer contribution of \$86,710 and \$84,245 in 2021 and 2020, 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 2021 and 2020. Included in prepaid expenses and other assets as well as accrued payroll and other liabilities is \$483,412 and \$355,191 as of June 30, 2021 and 2020, 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 during the years ended June 30, 2021 and 2020.

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 year ended June 30, 2021, the Organization contributed \$7,100,000 to the Foundation based on the terms of this policy. Due to the uncertainty surrounding COVID-19, this contribution was not made during the year ended June 30, 2020.

Leader Dogs also provided managerial and accounting services to the Foundation. These services amounted to \$12,732 and \$13,195 for the years ended June 30, 2021 and 2020, respectively. This is reported as contributions to the Foundation.

LEADER DOGS FOR THE BLIND AND SUPPORTING ORGANIZATION

Notes to Consolidated Financial Statements

Canine Scent Detection provided services amounting to approximately \$93,000 and \$59,000 during fiscal 2021 and 2020, respectively, to an entity whose CEO held board leadership roles at Leader Dogs and/or Canine Scent Detection throughout both fiscal years.

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:

	2021	2020
Financial assets		
Cash and cash equivalents	\$ 3,381,131	\$ 8,431,864
Receivables	1,388,815	317,992
Investments	2,935,302	2,928,721
Beneficial interests in trust	1,395,910	1,251,657
	<hr/>	<hr/>
Total consolidated financial assets at June 30	9,101,158	12,930,234
Less financial assets held by for-profit subsidiary	-	113,512
	<hr/>	<hr/>
Total financial assets held by the Organization	9,101,158	12,816,722
Less amounts with limits on usage		
Spendable net assets with donor purpose restrictions	90,975	131,944
Spendable net assets with donor time restrictions	562,532	692,299
Endowment assets subject to endowment spending policy and appropriation	2,453,558	2,329,834
Beneficial interests in perpetual trusts not subject to spending policy or appropriation	1,395,910	1,251,657
	<hr/>	<hr/>
Total financial assets available for general use within one year	\$ 4,598,183	\$ 8,410,988

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.

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

November 16, 2021

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

We have audited the consolidated financial statements of ***Leader Dogs for the Blind and Supporting Organization*** (a nonprofit organization), as of and for the year ended June 30, 2021, and the consolidated financial statements of ***Leader Dogs for the Blind and Subsidiary*** (a nonprofit organization), as of and for the year ended June 30, 2020, and have issued our report thereon dated November 16, 2021, 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.

Rehmann Lobson LLC

Rehmann is an independent member of Nexia International.



**SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEARS ENDED
JUNE 30, 2021 AND 2020**

LEADER DOGS FOR THE BLIND AND SUPPORTING ORGANIZATION

Consolidating Schedule of Financial Position

ASSETS	June 30, 2021			
	Leader Dogs for the Blind	Canine Scent Detection Services	Eliminations	Total
Current assets				
Cash and cash equivalents	\$ 3,206,728	\$ 174,403	\$ -	\$ 3,381,131
Due from Canine Scent Detection	2,107,484	-	(2,107,484)	-
Current portion of contributions receivable	1,328,920	-	-	1,328,920
Accounts receivable	-	59,895	-	59,895
Prepaid expenses and other assets	1,019,108	8,361	-	1,027,469
Total current assets	7,662,240	242,659	(2,107,484)	5,797,415
Investments (including charitable gift annuities of \$355,246)	2,935,302	-	-	2,935,302
Beneficial interests in trusts	1,395,910	-	-	1,395,910
Net property and equipment	21,499,314	3,162	-	21,502,476
Total assets	\$ 33,492,766	\$ 245,821	\$ (2,107,484)	\$ 31,631,103
LIABILITIES AND NET ASSETS				
Liabilities				
Current liabilities				
Accounts payable	\$ 533,490	\$ 17,468	\$ -	\$ 550,958
Accrued payroll and other liabilities	1,474,843	36,219	-	1,511,062
Debt	2,718,198	-	-	2,718,198
Due to Leader Dogs for the Blind	-	2,107,484	(2,107,484)	-
Total current liabilities	4,726,531	2,161,171	(2,107,484)	4,780,218
Gift annuity liability	72,953	-	-	72,953
Total liabilities	4,799,484	2,161,171	(2,107,484)	4,853,171
Net assets				
Without donor restrictions	24,048,795	(1,915,350)	-	22,133,445
With donor restrictions	4,644,487	-	-	4,644,487
Total net assets	28,693,282	(1,915,350)	-	26,777,932
Total liabilities and net assets	\$ 33,492,766	\$ 245,821	\$ (2,107,484)	\$ 31,631,103

See independent auditors' report on supplementary information.

LEADER DOGS FOR THE BLIND AND SUPPORTING ORGANIZATION

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
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	912,446	7,793	-	920,239
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 SUPPORTING ORGANIZATION

Consolidating Schedule of Activities

	Year Ended June 30, 2021				
	Without Donor Restrictions		With Donor Restrictions	Consolidating Entries	Total
	Leader Dogs for the Blind	Canine Scent Detection Services	Leader Dogs for the Blind		
Public support and revenue					
Lions' contributions	\$ 1,567,481	\$ -	\$ -	\$ -	\$ 1,567,481
Other contributions	5,293,763	-	214,698	-	5,508,461
Estates and bequests	6,745,105	-	-	-	6,745,105
Grants from Leader Dogs for the Blind Foundation	3,100,000	-	-	-	3,100,000
In-kind donations	97,574	-	-	-	97,574
Special events, net of expenses	330,799	-	-	-	330,799
Other operating revenue	55,343	360,151	-	-	415,494
Total	17,190,065	360,151	214,698	-	17,764,914
Net assets released from restrictions	191,848	-	(191,848)	-	-
Total public support and revenue	17,381,913	360,151	22,850	-	17,764,914
Expenses					
Program					
Training	9,475,583	-	-	-	9,475,583
Orientation and mobility	554,379	-	-	-	554,379
Volunteer engagement and community outreach	558,286	-	-	-	558,286
Canine Scent Detection Services	-	965,019	-	-	965,019
Leader Dogs for the Blind Foundation support	7,112,732	-	-	-	7,112,732
Total program	17,700,980	965,019	-	-	18,665,999
Supporting services					
General and administrative	2,084,587	106,645	-	-	2,191,232
Philanthropy	2,677,981	-	-	-	2,677,981
Total supporting services	4,762,568	106,645	-	-	4,869,213
Total expenses	22,463,548	1,071,664	-	-	23,535,212
Change in net assets before non-operating income	(5,081,635)	(711,513)	22,850	-	(5,770,298)
Non-operating income					
Net investment return	129,467	-	6,582	-	136,049
Change in value of beneficial interests in trusts	-	-	144,253	-	144,253
Gain on extinguishment of debt	1,898,600	80,291	-	-	1,978,891
Other revenue, net	205,899	-	-	-	205,899
Total non-operating income	2,233,966	80,291	150,835	-	2,465,092
Change in net assets	(2,847,669)	(631,222)	173,685	-	(3,305,206)
Net assets, beginning of year	26,928,536	(1,316,200)	4,470,802	-	30,083,138
Transfer of net assets	(32,072)	32,072	-	-	-
Net assets, end of year	\$ 24,048,795	\$ (1,915,350)	\$ 4,644,487	\$ -	\$ 26,777,932

See independent auditors' report on supplementary information.

LEADER DOGS FOR THE BLIND AND SUPPORTING ORGANIZATION

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, LLC	Leader Dogs for the Blind		
Public support and revenue					
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 and revenue	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

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