

**INTERNATIONAL GUIDING EYES,  
INC.**

**d/b/a GUIDE DOGS OF AMERICA**

**(A California Nonprofit Corporation)**

**Audited Financial Statements**

**Years Ended June 30, 2018 and 2017**

**GUIDE DOGS OF AMERICA**  
**(A California Nonprofit Corporation)**  
**Year Ended June 30, 2018**

**Table of Contents**

	<b>Page</b>
<b>AUDITOR’S REPORT</b>	
Independent Auditor’s Report.....	1
<b>FINANCIAL INFORMATION</b>	
Statements of Financial Position.....	2
Statements of Activities.....	3
Statement of Functional Expenses - 2018 .....	4-5
Statement of Functional Expenses - 2017 .....	6-7
Statements of Cash Flows.....	8
Notes to the Financial Statements.....	9-18

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Guide Dogs of America  
Sylmar, California

We have audited the accompanying financial statements of Guide Dogs of America (A California Nonprofit Corporation), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

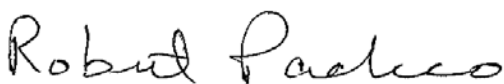
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Guide Dogs of America as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Valencia, California  
October 16, 2018

**GUIDE DOGS OF AMERICA**  
**(A California Nonprofit Corporation)**  
**Statements of Financial Position**  
**June 30, 2018 and 2017**

	June 30,	
	<b>2018</b>	2017
<b>Assets:</b>		
Cash and cash equivalents	\$ <b>4,275,901</b>	\$ 3,930,371
Investments	<b>25,885,616</b>	21,533,417
Bequests receivable	<b>1,751,068</b>	4,129,666
Other assets	<b>182,834</b>	126,412
Land, building, and equipment, net	<b>8,694,913</b>	8,247,256
<b>Total assets</b>	<b>\$ 40,790,332</b>	<b>\$ 37,967,122</b>
 <b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ <b>805,696</b>	\$ 308,128
<b>Total liabilities</b>	<b>805,696</b>	308,128
 <b>Net assets:</b>		
Unrestricted - Undesignated	<b>32,629,455</b>	30,804,421
Unrestricted - Board designated	<b>7,355,181</b>	6,854,573
<b>Total net assets</b>	<b>39,984,636</b>	37,658,994
 <b>Total liabilities and net assets</b>	<b>\$ 40,790,332</b>	<b>\$ 37,967,122</b>

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

**GUIDE DOGS OF AMERICA**  
**(A California Nonprofit Corporation)**  
**Statements of Activities**  
**Years Ended June 30, 2018 and 2017**

	<b>June 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>Public Support and Revenue</b>		
<b>Public Support</b>		
Contributions:		
Bequests	\$ 2,247,327	\$ 4,756,963
Grants and other support	934,161	881,963
Sponsorships	665,084	442,416
Individuals	485,855	564,716
Workplace giving	273,042	276,472
In-kind services	200,000	200,000
Businesses	160,090	118,647
<b>Total Public Support</b>	<b>4,965,559</b>	<b>7,241,177</b>
<b>Revenue</b>		
Investment income, net	1,674,686	2,008,775
Special events, net	1,478,143	1,246,403
<b>Total Revenue</b>	<b>3,152,829</b>	<b>3,255,178</b>
<b>Total Public Support and Revenue</b>	<b>8,118,388</b>	<b>10,496,355</b>
<b>Functional expenses</b>		
Program expenses	4,790,686	4,286,901
Support Services:		
Fundraising	585,553	622,938
Management and administrative	416,507	591,104
	<b>1,002,060</b>	<b>1,214,042</b>
<b>Total Expenses</b>	<b>5,792,746</b>	<b>5,500,943</b>
<b>Change in net assets</b>	<b>2,325,642</b>	<b>4,995,412</b>
Net assets, beginning of year	<b>37,658,994</b>	<b>32,663,582</b>
<b>Net assets, end of year</b>	<b>\$ 39,984,636</b>	<b>\$ 37,658,994</b>

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

**GUIDE DOGS OF AMERICA**  
**(A California Nonprofit Corporation)**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2018**

	<u>Support Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	
<b>Salaries</b>	\$ 2,165,717	\$ 185,826	\$ 156,235	\$ 2,507,778
<b>In-kind services</b>	135,000	33,000	32,000	200,000
<b>Employee health and welfare</b>	564,493	48,277	40,589	653,359
<b>Payroll taxes</b>	182,208	15,634	13,145	210,987
<b>Total personnel</b>	3,047,418	282,737	241,969	3,572,124
<b>Cleaning and janitorial</b>	30,140	2,586	2,174	34,900
<b>Depreciation</b>	372,531	31,964	26,874	431,369
<b>Dog food and supplies</b>	90,407	-	-	90,407
<b>Insurance</b>	151,359	12,987	10,919	175,265
<b>Merchandise</b>	-	98,486	-	98,486
<b>Occupancy</b>	109,386	9,386	7,891	126,663
<b>Office, computer and supplies</b>	156,925	18,019	30,602	205,546
<b>Postage and shipping</b>	40,670	3,344	2,812	46,826
<b>Printing and publications</b>	107,865	9,255	7,781	124,901
<b>Professional fees</b>	-	14,250	54,247	68,497
<b>Promotional</b>	-	68,260	-	68,260
<b>Program supplies</b>	33,583	-	-	33,583
<b>Repairs and maintenance</b>	19,788	-	5,601	25,389
<b>Student training</b>	29,099	-	-	29,099
<b>Subscriptions, meetings and dues</b>	77,434	8,192	8,307	93,933
<b>Taxes and licenses</b>	50,538	4,336	3,646	58,520
<b>Travel</b>	15,092	6,420	794	22,306
<b>Utilities and telephone</b>	161,977	13,898	11,685	187,560
<b>Vehicle</b>	17,237	1,433	1,205	19,875
<b>Veterinarian fees and supplies</b>	279,237	-	-	279,237
<b>Total</b>	\$ <u>4,790,686</u>	\$ <u>585,553</u>	\$ <u>416,507</u>	\$ <u>5,792,746</u>

(Continued on page 5)

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

**GUIDE DOGS OF AMERICA**  
**(A California Nonprofit Corporation)**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2018**

	<u>Kennel</u>	<u>Guide Dog Training</u>	<u>Vet. Care</u>	<u>Student Relations</u>	<u>Puppy Program</u>	<u>Breeding</u>	<u>Total Program Services</u>
Salaries	\$ 515,599	\$ 714,466	\$ 310,212	\$ 251,781	\$ 151,721	\$ 221,938	\$ 2,165,717
In-kind services	25,000	23,000	20,000	23,000	22,000	22,000	135,000
Employee health and welfare	133,950	185,615	80,592	65,412	39,416	59,508	564,493
Payroll taxes	43,379	60,110	26,099	21,183	12,765	18,672	182,208
<b>Total personnel</b>	<b>717,928</b>	<b>983,191</b>	<b>436,903</b>	<b>361,376</b>	<b>225,902</b>	<b>322,118</b>	<b>3,047,418</b>
Cleaning and janitorial	7,175	9,943	4,317	3,504	2,112	3,089	30,140
Depreciation	88,690	122,897	53,360	43,310	26,098	38,176	372,531
Dog food and supplies	54,381	13,775	15,967	-	1,832	4,452	90,407
Insurance	36,034	49,933	21,680	17,597	10,604	15,511	151,359
Merchandise	-	-	-	-	-	-	-
Occupancy	26,042	36,086	15,668	12,717	7,663	11,210	109,386
Office, computer and supplies	37,357	51,770	22,478	18,244	10,994	16,082	156,925
Postage and shipping	9,280	12,859	5,583	4,532	2,731	5,685	40,670
Printing and publications	25,680	35,584	15,450	12,540	7,557	11,054	107,865
Professional fees	-	-	-	-	-	-	-
Promotional	-	-	-	-	-	-	-
Program supplies	11,472	13,357	1,374	1,374	1,373	4,633	33,583
Repairs and maintenance	12,520	2,076	315	-	3,000	1,877	19,788
Student training	-	29,099	-	-	-	-	29,099
Subscriptions, meetings, dues	18,492	18,619	14,004	11,620	8,216	6,483	77,434
Taxes and licenses	12,032	16,672	7,239	5,875	3,541	5,179	50,538
Travel	981	9,037	-	5,032	42	-	15,092
Utilities and telephone	38,563	53,436	23,201	18,831	11,347	16,599	161,977
Vehicle	4,375	5,510	2,529	1,942	1,170	1,711	17,237
Veterinarian fees and supplies	42,082	29,578	141,730	10,370	6,249	49,228	279,237
<b>Total</b>	<b><u>\$ 1,143,084</u></b>	<b><u>\$ 1,493,422</u></b>	<b><u>\$ 781,798</u></b>	<b><u>\$528,864</u></b>	<b><u>\$ 330,431</u></b>	<b><u>\$ 513,087</u></b>	<b><u>\$ 4,790,686</u></b>

(Continued on page 4)

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

**GUIDE DOGS OF AMERICA**  
**(A California Nonprofit Corporation)**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2017**

	<u>Support Services</u>			<b>Total</b>
	<b>Program Services</b>	<b>Fundraising</b>	<b>Management and General</b>	
Salaries	2,053,468	154,532	269,578	2,477,578
In-kind services	135,000	33,000	32,000	200,000
Employee health and welfare	501,785	37,779	65,871	605,435
Payroll taxes	166,397	12,528	21,843	200,768
<b>Total personnel</b>	<b>2,856,650</b>	<b>237,839</b>	<b>389,292</b>	<b>3,483,781</b>
Depreciation	271,120	20,413	35,591	327,124
Dog food and supplies	70,186	-	-	70,186
Insurance	139,241	10,483	18,279	168,003
Occupancy	73,604	5,542	9,662	88,808
Office supplies	148,351	11,169	19,474	178,994
Postage and shipping	48,130	3,624	6,318	58,072
Printing and publications	-	89,714	15,249	104,963
Professional fees	1,700	65,100	55,525	122,325
Promotional	64,701	159,765	8,085	232,551
Program supplies	10,838	816	1,423	13,077
Repairs and maintenance	12,912	972	1,695	15,579
Student training	35,358	-	-	35,358
Subscriptions, meetings and dues	54,458	4,100	7,149	65,707
Taxes and licenses	47,841	-	-	47,841
Travel	33,400	2,515	4,385	40,300
Utilities and telephone	122,127	9,195	16,031	147,353
Vehicle	16,178	1,219	2,124	19,521
Veterinarian fees and supplies	273,843	-	-	273,843
Miscellaneous	6,263	472	822	7,557
<b>Total</b>	<b><u>\$ 4,286,901</u></b>	<b><u>\$ 622,938</u></b>	<b><u>\$ 591,104</u></b>	<b><u>\$5,500,943</u></b>

(Continued on page 7)

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



**GUIDE DOGS OF AMERICA**  
**(A California Nonprofit Corporation)**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2017**

	<u>Kennel</u>	<u>Guide Dog Training</u>	<u>Student Relations</u>	<u>Puppy Program</u>	<u>Breeding</u>	<u>Total Program Services</u>
Salaries	\$ 566,980	\$ 794,390	\$ 283,987	\$ 177,103	\$ 231,008	\$ 2,053,468
In-kind services	27,000	27,000	27,000	27,000	27,000	135,000
Employee health and welfare	138,584	194,042	69,383	43,289	56,487	501,785
Payroll taxes	45,946	64,366	23,013	14,345	18,727	166,397
<b>Total personnel</b>	<b>778,510</b>	<b>1,079,798</b>	<b>403,383</b>	<b>261,737</b>	<b>333,222</b>	<b>2,856,650</b>
Depreciation	74,879	104,843	37,488	23,389	30,521	271,120
Dog food and supplies	39,834	21,844	-	4,277	4,231	70,186
Insurance	38,456	53,845	19,253	12,012	15,675	139,241
Occupancy	20,328	28,463	10,177	6,350	8,286	73,604
Office supplies	40,972	57,368	20,513	12,798	16,700	148,351
Postage and shipping	13,293	18,612	6,655	4,152	5,418	48,130
Printing and publications	-	-	-	-	-	-
Professional fees	-	1,700	-	-	-	1,700
Promotional	17,009	23,815	8,516	8,232	7,129	64,701
Program supplies	2,993	4,191	1,499	935	1,220	10,838
Repairs and maintenance	3,566	4,993	1,785	1,114	1,454	12,912
Student training	-	30,714	4,644	-	-	35,358
Subscriptions, meetings, dues	-	15,205	5,569	29,515	4,169	54,458
Taxes and licenses	-	44,701	-	3,140	-	47,841
Travel	9,225	12,916	4,618	2,881	3,760	33,400
Utilities and telephone	33,729	47,227	16,887	10,536	13,748	122,127
Vehicle	4,468	6,256	2,237	1,396	1,821	16,178
Veterinarian fees and supplies	220,038	2,542	1,325	4,089	45,849	273,843
Miscellaneous	1,730	2,422	866	540	705	6,263
<b>Total</b>	<b><u>\$ 1,299,030</u></b>	<b><u>\$1,561,455</u></b>	<b><u>\$545,415</u></b>	<b><u>\$ 387,093</u></b>	<b><u>\$ 493,908</u></b>	<b><u>\$ 4,286,901</u></b>

(See page 6)

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

**GUIDE DOGS OF AMERICA**  
**(A California Nonprofit Corporation)**  
**Statements of Cash Flows**  
**Years Ended June 30, 2018 and 2017**

	<b>Year Ended June 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>Operating activities:</b>		
Change in net assets	\$ 2,325,642	\$ 4,995,412
<i>Non cash transaction:</i>		
Depreciation	431,369	327,124
Net realized and unrealized gain on investments	(1,207,217)	(1,525,613)
Donated securities	(531,190)	-
Oil rights - depletion	6,253	5,566
<i>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</i>		
(Increase) decrease in:		
Bequests receivable	2,378,598	1,768,359
Other assets	(56,423)	(30,591)
Increase in:		
Accounts payable and accrued expenses	497,569	158,250
<b>Net cash provided by operating activities</b>	<b>3,844,601</b>	<b>5,698,507</b>
<b>Investing Activities:</b>		
Purchases of investments	(8,385,194)	(6,689,638)
Building and equipment additions	(879,026)	(3,757,931)
Proceeds on sale of investments	5,765,149	3,370,009
<b>Net cash used in investing activities</b>	<b>(3,499,071)</b>	<b>(7,077,560)</b>
Net increase (decrease) in cash	345,530	(1,379,053)
Cash and cash equivalents at beginning of year	3,930,371	5,309,424
<b>Cash and cash equivalents at end of year</b>	<b>\$ 4,275,901</b>	<b>\$ 3,930,371</b>

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

**GUIDE DOGS OF AMERICA**  
**Notes To Financial Statements**  
**Years Ending June 30, 2018 and 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities:**

International Guiding Eyes, Inc. d/b/a Guide Dogs of America (“GDA”) is a non-profit organization incorporated in 1948 by the International Association of Machinists and Aerospace Workers (“IAM”) (“Union”) union. GDA was organized under the laws of the State of California.

GDA enriches and inspires the lives of the blind and visually impaired through the use of a professionally trained guide dog. GDA’s operations located in Sylmar, California include a Kennel, Guide Dog Training, Veterinarian (“Vet.”) Care, Student Relations, Puppy Program and Breeding.

GDA’s Breeding center hosts approximately 50 adult canines for breeding and manages the placement of puppies with volunteer homes to provide day to day care until it is time for them to be returned to GDA for training.

GDA’s Puppy program monitors and assists with training in the community until the puppies are returned for training. The Kennel boards these dogs when requested and cares for all dogs returned for formal training at approximately 18 months of age. Licensed instructors take over training the skill set required for a guide dog. Throughout this time, GDA’s Veterinary Department provides most of all medical needs for the dogs.

GDA provide temporary living quarters for its Student Relations program. The Student Relations program is designed for blind recipients of guide dogs to receive specialized instruction on mastering the technique of using a guide dog. GDA is committed to assisting each student during the working life of the team, including boarding and veterinary care when available.

GDA’s volunteer base has expanded to approximately 150 on campus volunteers in addition to the approximately 200 volunteers who have GDA dogs in their homes. The community of volunteers provide added care to the dogs onsite along with providing assistance to the blind who are involved with GDA.

**GUIDE DOGS OF AMERICA**  
**Notes To Financial Statements**  
**Years Ending June 30, 2018 and 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Fixed Assets:**

Fixed assets are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets.

Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$5,000 and the useful life is greater than one year. The estimated useful lives are as follows:

Buildings	39 years
Building improvements	15 – 20 years
Furniture and fixtures	7 years
Automobiles	5 years
Computers and equipment	5 years
Breeding dogs	7 years

**Cash and Cash Equivalents:**

Cash and cash equivalents include all highly liquid investments available for current use with a maturity of three months or less.

**Financial Statement Presentation:**

The financial statements are presented based on Accounting Standards Codification (“ASC”) Topic 958, Not-for-Profit Entities. ASC Topic 958, Sections 210 and 225 requires classification of the Organization’s net assets, revenues as well as expenses based on the existence or absence of donor-imposed restrictions.

The ASC requires presentation of the amounts for each of the three classes of net assets – permanently restricted, temporarily restricted, and unrestricted – in the Statements of Financial Position and the amounts of change in each of those classes of net assets in the Statements of Activities.

**Contributions:**

Contributions received, including unconditional promises to give, are recognized as revenue at their fair value in the period received. Contributions and net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of GDA and changes therein are classified and reported as follows:

**GUIDE DOGS OF AMERICA**  
**Notes To Financial Statements**  
**Years Ending June 30, 2018 and 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Contributions: (Continued)**

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations and may be expendable for any purpose in performing the objectives of GDA.

Temporarily restricted net assets – net assets subject to donor-imposed stipulations that may or will be met either by actions of GDA and/or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions. Donor-restricted, contributions that are received and expended in the same reporting period are classified as unrestricted in the accompanying financial statements. As of June 30, 2018 and 2017, GDA did not have any temporarily restricted net assets.

Permanently restricted net assets – net assets that are subject to donor-imposed stipulations requiring that the contribution be maintained permanently. As of June 30, 2018 and 2017, GDA did not have any permanently restricted net assets.

**Bequests:**

Bequests are an individual's charitable contribution from their estate at the time of their death. GDA generally realizes bequest contributions after a will or trust document or excerpt thereto is received from the estate's representative and the amount that is expected to be received can be reasonably estimated and is not being contested. Management believes all are collectible; therefore, no allowance for uncollectible bequest receivables has been recorded.

**Contributed services:**

Many individual volunteer their time and perform a variety of tasks that assist GDA in running its programs. While these services are most important and noteworthy, the total value of these services does not meet the accounting requirements for recognition in the financial statements and no value has been recorded for the years ended June 30, 2018 and 2017.

**GUIDE DOGS OF AMERICA**  
**Notes To Financial Statements**  
**Years Ending June 30, 2018 and 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Contributed services:** (Continued)

Some services amounting to \$200,000 were paid directly by the Union and were recorded as in-kind service revenue and in-kind service expense for the years ended June 30, 2018 and 2017.

**Estimates:**

The process of preparing financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from estimated amounts.

**Functional Allocation of Expenses:**

Costs of providing program services have been presented in the Statements of Functional Expenses the years ended June 30, 2018 and 2017. Expenses by function have been allocated between programs and supporting services classifications based on relevant measures determined by management such as time surveys of employees by department.

**Income Taxes:**

GDA is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code and California income taxes under section 23701(d) of the California Revenue and Taxation Code. GDA's tax returns for the years ended June 30, 2017, 2016, 2015 and 2014 for state taxes are subject to examination by federal and state taxing authorities.

**Investments**

Investments are adjusted to their fair value at the date of the Statement of Financial Position date, resulting in either an unrealized gains or loss. Investments donated are recorded at fair market value at the date of receipt. Gains and losses on investments are recognized on disposal at trade date.

**Presentation of Financial Statements of Not-for-Profit Entities**

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-14 to improve the presentation of financial statements of not-for-profit entities. ASU 2016-14 impacts all not-for-profit entities in the scope of Topic 958. This is the first major change to the nonprofit financial statement model in over 20 years, which is intended to provide more useful information to donors, grantors, and other users. The ASU becomes effective for fiscal years beginning after December 15, 2017.

**GUIDE DOGS OF AMERICA**  
**Notes To Financial Statements**  
**Years Ending June 30, 2018 and 2017**

**NOTE 2: LAND, BUILDING, AND EQUIPMENT**

Land, buildings and equipment as of June 30, 2018 and 2017 was comprised of:

	June 30,	
	<u>2018</u>	<u>2017</u>
Buildings	\$ 10,232,347	\$ 10,320,347
Building improvements	975,559	938,583
Computers and equipment	449,754	431,548
Furniture and fixtures	426,868	425,848
Automobiles	216,216	216,216
Breeding dogs	23,595	22,196
Total depreciable costs	<u>12,324,339</u>	<u>12,354,738</u>
Less accumulated depreciation	<u>5,105,439</u>	<u>4,711,186</u>
	7,218,900	7,643,552
Land	603,704	603,704
Renovations under construction	872,309	-
Land, building and equipment, net	<u>\$ 8,694,913</u>	<u>\$ 8,247,256</u>

Depreciation for the years ended June 30, 2018 and 2017 were **\$431,369** and **\$327,134**, respectively.

**NOTE 3: CONCENTRATION OF CREDIT RISK**

GDA maintains its cash balances primarily in a few financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation. As of June 30, 2018, uninsured cash was approximately \$1,890,000. GDA has not experienced any losses in such accounts and management believes that it is not exposed to any significant credit risk of cash.

**NOTE 4: INVESTMENT SECURITIES / FAIR VALUE**

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that a transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

**GUIDE DOGS OF AMERICA**  
**Notes To Financial Statements**  
**Years Ending June 30, 2018 and 2017**

**NOTE 4: INVESTMENT SECURITIES / FAIR VALUE (Continued)**

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1

Quoted prices in active markets for identical assets or liabilities.

Level 2

Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3

Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant 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 asset is classified.

*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 fund 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 GDA are open-end mutual funds that are registered with the SEC. 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.



**GUIDE DOGS OF AMERICA**  
**Notes To Financial Statements**  
**Years Ending June 30, 2018 and 2017**

**NOTE 4: INVESTMENT SECURITIES / FAIR VALUE (Continued)**

*Certificates of deposit:* Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuer. Certificates of deposit are classified as Level 2.

The following is a summary of investments at market value:

As of June 30, 2018				
Fair Value Measuring Using				
Investment	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 23,372,311	\$ -	\$ -	\$ 23,372,311
Exchange Traded Funds	2,487,484	-	-	2,487,484
Oil rights, net depletion	-	-	25,821	25,821
	\$ 25,859,795	\$ -	\$ 25,821	\$ 25,885,616

As of June 30, 2017				
Fair Value Measuring Using				
Investment	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 903,439	\$ -	\$ 903,439
Mutual funds	18,385,830	-	-	18,385,830
Exchange Traded Funds	2,212,072	-	-	2,212,072
Oil rights, net depletion	-	-	32,076	32,076
	\$ 20,597,902	\$ 903,349	\$ 32,076	\$ 21,533,417

Investment income for the years ended June 30, 2018 and 2017 consisted of:

		June 30,	
		2018	2017
Unrealized gains (net)	\$	997,673	\$ 1,472,433
Dividends and interest		549,362	554,911
Realized gain (net)		209,544	53,180
Oil rights income, net of depletion		35,442	27,478
Management and broker expenses		(117,335)	(99,227)
Investment income, net	\$	1,674,686	\$ 2,008,775

**NOTE 5: BOARD DESIGNATED FUNDS FOR OPERATIONS**

**GUIDE DOGS OF AMERICA**  
**Notes To Financial Statements**  
**Years Ending June 30, 2018 and 2017**

GDA's Investment Policy Statement establishes an endowment from unrestricted funds to ensure a strong future for the organization by planning for a continuous stream of income to help finance operations. These funds are unrestricted.

The following table presents the activity of the Endowment for the years ended June 30, 2018 and 2017:

	June 30,	
	<u>2018</u>	<u>2017</u>
Endowment net assets, beginning of year	\$ <b>6,854,573</b>	\$ 2,701,442
Appropriation from general unrestricted funds to Board-designated endowment	-	3,754,856
Investment return:		
Investment gains	<b>366,997</b>	334,200
Dividends and interest	<b>133,611</b>	73,075
	<u><b>500,608</b></u>	<u>407,275</u>
Endowment net assets, end of year	\$ <u><b>7,355,181</b></u>	\$ <u>6,854,573</u>

**GUIDE DOGS OF AMERICA**  
**Notes To Financial Statements**  
**Years Ending June 30, 2018 and 2017**

**NOTE 6: SPECIAL EVENTS**

GDA engaged in various fund raising activities. The following is a summary of these events' revenues and expenses for the years ended June 30, 2018 and 2017.

**Year Ended June 30, 2018**

	<u>Revenue</u>	<u>Expenses</u>	<u>Net revenue</u>
Annual fundraiser	\$ 1,108,088	\$ 448,559	\$ 659,529
Other fundraising activities	<u>928,512</u>	<u>109,898</u>	<u>818,614</u>
Total special event income, net	<u>\$ 2,036,600</u>	<u>\$ 558,457</u>	<u>\$ 1,478,143</u>

Year Ended June 30, 2017

	<u>Revenue</u>	<u>Expenses</u>	<u>Net revenue</u>
Annual fundraiser	\$ 992,072	\$ 307,223	\$ 684,849
Other fundraising activities	<u>627,479</u>	<u>65,925</u>	<u>561,554</u>
Total special event income, net	<u>\$ 1,619,551</u>	<u>\$ 373,148</u>	<u>\$ 1,246,403</u>

**NOTE 6: PENSION**

GDA is a contributing employer to the IAM National Pension Fund. This is a multiemployer plan, a defined pension plan covering substantially all of the GDA's employees. Pension benefits are based on years of past and expected future service years. IAM is solely responsible for any obligation or unfunded pension obligation. The pension plan is on a calendar year reporting basis. The current contribution rate to pension is \$3.60 per hour for each employee in a job classification covered by the collective bargaining agreement. The employees are accepted for participation with no past service credit. Plan contributions for the years ended June 30, 2018 and 2017 were \$303,388 and \$277,355, respectively.

**GUIDE DOGS OF AMERICA**  
**Notes To Financial Statements**  
**Years Ending June 30, 2018 and 2017**

**NOTE 7: CONCENTRATIONS**

*Workforce:* The majority of GDA's workforce are covered under a collective bargaining agreement with IAM. This agreement, among other things, governs compensation, benefits, and worker's rights.

*Major Contributors:* During the year ended June 30, 2018, contributions from bequests included one \$800,000 contribution which accounts for 47% of the bequest contributions. During the year ended June 30, 2017, contributions from bequests includes one contribution from an estate in the amount of approximately \$1,300,000 which was 27% of the total contributions from bequests for the year ended June 30, 2017.

**NOTE 8: SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure in the financial statements through October 16, 2018, the date the financial statements were available to be issued.