

**INTERNATIONAL GUIDING EYES,
INC.**

d/b/a GUIDE DOGS OF AMERICA

(A California Nonprofit Corporation)

Audited Financial Statements

Years Ended June 30, 2022 and 2021

INTERNATIONAL GUIDING EYES, INC.
d/b/a GUIDE DOGS OF AMERICA
(A California Nonprofit Corporation)
Years Ended June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
International Guiding Eyes, Inc
d/b/a Guide Dogs of America
Sylmar, California

Opinion

We have audited the accompanying financial statements of International Guiding Eyes, Inc. d/b/a Guide Dogs of America (A California Nonprofit Corporation), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Guiding Eyes, Inc. d/b/a Guide Dogs of America as of June 30, 2022 and 2021, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Guide Dogs of America's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Guide Dogs of America's ability to continue as a going concern for a reasonable period of time.

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



Valencia, California
November 7, 2022

INTERNATIONAL GUIDING EYES, INC.
d/b/a GUIDE DOGS OF AMERICA
(A California Nonprofit Corporation)
Statements of Financial Position
As of June 30, 2022 and 2021

	2022	2021
Assets:		
Cash and cash equivalents	\$ 4,655,691	\$ 6,346,502
Investments	41,529,745	48,068,712
Bequests receivable	345,184	852,499
Contributions receivable	26,716	115,831
Other assets	150,316	182,813
Inventory	137,640	141,432
Land, building, and equipment, net	13,358,875	12,352,930
Total Assets	\$ 60,204,167	\$ 68,060,719
Liabilities:		
Accounts payable and accrued expenses	\$ 406,557	\$ 605,637
Conditional contributions	66,167	1,004,258
Total Liabilities	472,724	1,609,895
Net assets:		
Without donor restrictions:		
- Undesignated	33,608,866	37,563,803
- Board designated	26,122,577	28,887,021
Total Net Assets	59,731,443	66,450,824
Total Liabilities and Net Assets	\$ 60,204,167	\$ 68,060,719

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

INTERNATIONAL GUIDING EYES, INC.
d/b/a GUIDE DOGS OF AMERICA
(A California Nonprofit Corporation)
Statements of Activities
Years Ended June 30, 2022 and 2021

	2022	2021
Public Support and Revenue without Donor Restrictions		
Public Support		
Contributions:		
Bequests	\$ 2,461,143	\$ 11,162,605
Individuals	1,668,726	2,845,523
Grants and other support	1,784,127	1,732,982
Government	991,748	1,026,365
Businesses	465,531	301,663
In-kind services	219,996	219,996
Workplace giving	198,298	165,202
Total Public Support	7,789,569	17,454,336
Revenue		
Investment income (loss), net	(8,167,548)	8,976,872
Special events, net	398,022	26,815
Gift shop sales	33,700	30,507
Loss on disposal of fixed assets	(41,230)	-
Total Revenue	(7,777,056)	9,034,194
Total Public Support and Revenue	12,513	26,488,530
Expenses		
Program expenses	5,511,251	5,252,227
Support services:		
Fundraising	748,496	768,046
Management and administrative	472,147	494,286
Total expenses	6,731,894	6,514,559
Change in net assets without donor restrictions	(6,719,381)	19,973,971
Net assets, beginning of year	66,450,824	46,476,853
Net assets, end of year	\$ 59,731,443	\$ 66,450,824

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

INTERNATIONAL GUIDING EYES, INC.

d/b/a GUIDE DOGS OF AMERICA

(A California Nonprofit Corporation)

Statement of Functional Expenses

Year Ended June 30, 2022

	<u>Support Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	
Salaries	\$ 2,379,819	\$ 252,019	\$ 193,986	\$ 2,825,824
In-kind services	142,997	54,999	22,000	219,996
Employee benefits	601,614	58,806	43,181	703,601
Payroll taxes	<u>195,417</u>	<u>20,119</u>	<u>15,816</u>	<u>231,352</u>
Total personnel	3,319,847	385,943	274,983	3,980,773
Bank fees	502	13,918	859	15,279
Cleaning and janitorial	48,317	6,044	6,093	60,454
Cost of goods sold	-	11,337	-	11,337
Depreciation	448,120	29,908	36,470	514,498
Dog food and supplies	130,516	466	-	130,982
Information technology and software	171,849	50,198	12,489	234,536
Insurance	161,835	12,341	13,472	187,648
Merchandise	-	48,329	-	48,329
Occupancy	107,538	5,270	7,146	119,954
Office, computer, and supplies	53,348	8,180	10,168	71,696
Postage and shipping	18,240	14,732	1,075	34,047
Professional fees	91,076	2,018	63,087	156,181
Promotional, printing, and publications	98,938	56,240	1,713	156,891
Program supplies	41,555	21,564	1,917	65,036
Repairs and maintenance	104,133	4,526	14,616	123,275
Special events - direct benefit expenses	-	420,764	-	420,764
Student meals	21,297	-	-	21,297
Subscriptions, meetings, and dues	49,568	32,001	4,037	85,606
Taxes and licenses	16,685	3,556	955	21,196
Travel	58,105	25,161	1,479	84,745
Utilities and telephone	207,981	15,381	20,732	244,094
Vehicle	62,987	1,383	856	65,226
Veterinarian fees and supplies	<u>298,814</u>	<u>-</u>	<u>-</u>	<u>298,814</u>
Total expense by function	5,511,251	1,169,260	472,147	7,152,658
Less expenses netted against special events				
revenue on the Statement of Activities	<u>-</u>	<u>(420,764)</u>	<u>-</u>	<u>(420,764)</u>
Total expense included in the				
expense section on the Statement				
of Activities	\$ <u>5,511,251</u>	\$ <u>748,496</u>	\$ <u>472,147</u>	\$ <u>6,731,894</u>

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

INTERNATIONAL GUIDING EYES, INC.

d/b/a GUIDE DOGS OF AMERICA

(A California Nonprofit Corporation)

Statement of Functional Expenses

Year Ended June 30, 2021

		<u>Support Services</u>		
	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 2,338,479	\$ 249,189	\$ 195,902	\$ 2,783,570
In-kind services	153,997	43,999	22,000	219,996
Employee benefits	671,879	53,454	41,661	766,994
Payroll taxes	<u>189,066</u>	<u>20,221</u>	<u>15,736</u>	<u>225,023</u>
Total personnel	3,353,421	366,863	275,299	3,995,583
Bank fees	-	16,445	370	16,815
Cleaning and janitorial	29,892	6,201	6,389	42,482
Cost of goods sold	-	8,325	-	8,325
Depreciation	526,510	54,372	22,489	603,371
Dog food and supplies	111,519	204	-	111,723
Information technology and software	103,813	31,253	5,941	141,007
Insurance	145,232	12,138	12,722	170,092
Merchandise	-	36,333	-	36,333
Occupancy	107,985	9,147	5,970	123,102
Office, computer, and supplies	51,288	14,983	5,413	71,684
Postage and shipping	9,599	48,925	1,814	60,338
Professional fees	32,950	8,911	110,998	152,859
Promotional, printing, and publications	3,518	76,893	170	80,581
Program supplies	36,949	18,591	1,427	56,967
Repairs and maintenance	83,236	8,588	11,134	102,958
Special events - direct benefit expenses	-	76,224	-	76,224
Student meals	8,461	-	-	8,461
Subscriptions, meetings, and dues	58,973	16,902	14,953	90,828
Taxes and licenses	18,500	3,721	4,529	26,750
Travel	46,152	5,471	994	52,617
Utilities and telephone	210,386	22,339	13,549	246,274
Vehicle	40,443	1,441	125	42,009
Veterinarian fees and supplies	<u>273,400</u>	<u>-</u>	<u>-</u>	<u>273,400</u>
Total expense by function	5,252,227	844,270	494,286	6,590,783
Less expenses netted against special events				
revenue on the Statement of Activities	<u>-</u>	<u>(76,224)</u>	<u>-</u>	<u>(76,224)</u>
Total expense included in the expense section on the Statement of Activities	\$ <u>5,252,227</u>	\$ <u>768,046</u>	\$ <u>494,286</u>	\$ <u>6,514,559</u>

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

INTERNATIONAL GUIDING EYES, INC.

d/b/a GUIDE DOGS OF AMERICA

(A California Nonprofit Corporation)

Statements of Cash Flows

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Activities:		
Change in net assets	\$ (6,719,381)	\$ 19,973,971
<i>Non-cash transactions:</i>		
Depreciation	514,498	603,371
Net realized/unrealized loss (gain) on investments	9,808,363	(6,936,460)
Donated securities	(128,958)	(1,281,991)
Oil rights - depletion	6,374	6,363
Loss on disposal of fixed assets	41,230	-
<i>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</i>		
(Increase) decrease in:		
Bequests receivable	507,315	(98,759)
Contributions receivable	89,115	-
Other assets	32,497	(106,265)
Inventory	3,792	-
Increase (decrease) in:		
Accounts payable and accrued expenses	(199,080)	101,092
Conditional contribution	(938,091)	3,928
Net cash provided by operating activities	<u>3,017,674</u>	<u>12,265,250</u>
Investing Activities:		
Purchases of investments	(16,457,484)	(19,018,191)
Proceeds on sale of investments	13,310,672	11,170,512
Building and equipment additions	(1,561,673)	(1,147,119)
Net cash used in investing activities	<u>(4,708,485)</u>	<u>(8,994,798)</u>
Net increase (decrease) in cash	(1,690,811)	3,270,452
Cash and cash equivalents, beginning of year	6,346,502	3,076,050
Cash and cash equivalents, end of year	\$ <u><u>4,655,691</u></u>	\$ <u><u>6,346,502</u></u>

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

INTERNATIONAL GUIDING EYES, INC.
d/b/a GUIDE DOGS OF AMERICA
(a California Nonprofit Corporation)
Notes to the Financial Statements
Years Ended June 30, 2022 and 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

International Guiding Eyes, Inc. d/b/a Guide Dogs of America and d/b/a Tender Loving Canines ("Organization") is a California non-profit organization incorporated in 1948 by the International Association of Machinists and Aerospace Workers ("IAM") union. The Organization was organized under the laws of the State of California.

The Organization transforms lives through partnerships with service dogs. The Organization provides the service dogs at no charge to people who are: blind/visually impaired, veterans with PTSD and mobility limitations, individuals with autism, and vulnerable populations in facilities. Located in Sylmar, California, the Organization's operations include Service Dog Training, Kennels, Veterinarian Care, Client Services, Puppy Program, and Breeding.

The Organization's Breeding center hosts approximately 45 adult canines for breeding. The Puppy Program coordinates the placement of puppies into volunteer foster homes, referred to as "Puppy Raisers." Puppy raisers provide day-to-day care until the puppies are old enough to receive formal training. The Canine Development team monitors and assists the volunteer puppy raisers throughout the puppies' training. Puppies living in foster homes will return to campus for regular overnight visits in the Kennels to prepare them for life in formal training.

Once they have matured, dogs return to the Kennels for their formal training between 12 and 18 months old. Licensed instructors work with dogs in formal training to install the skill set required for a service dog. Instructors also work with the Organization's Prison program, teaching incarcerated individuals to train Service Dogs. Instructors enter correctional facilities multiple times a week to monitor the dogs' progress and assist the incarcerated trainers. Instructors take the dogs out of prison for a few days at a time to give them experience in the real world.

The Organization provides temporary living quarters for students learning to use their service dogs. The Student Training program provides recipients with specialized instruction for mastering the use of a service dog. The Organization's Client Services department provides post-graduate support throughout the life of the team. Services include grooming, boarding, and veterinary care. Most of a dog's medical needs are administered by the Organization's Veterinary Department.

The Organization's volunteer base has expanded to over 210 on-campus volunteers in addition to the approximately 200 volunteer puppy raisers who have the Organization's dogs in their homes. The volunteer community helps care for the dogs onsite and supports staff with the dogs' day-to-day needs.

INTERNATIONAL GUIDING EYES, INC.
d/b/a GUIDE DOGS OF AMERICA
(a California Nonprofit Corporation)
Notes to the Financial Statements
Years Ended June 30, 2022 and 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

Basis of presentation

The financial statements present information regarding the financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net Assets with Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Contributions received, including unconditional promises to give, are recognized as revenue at their fair value in the period when the contribution becomes unconditional. Contributions and net assets are classified based on the existence or absence of donor-imposed restrictions.

Future Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02 *Leases*, which will become effective in future years. The primary change addressed by the ASU is the requirement for a lessee to recognize on the statement of financial position a liability to make lease payments ("lease liability") and a right-to-use asset representing its right to use the underlying asset for the lease term. The ASU 2016-02 also requires qualitative and quantitative disclosures to enable users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The ASU is effective for fiscal years beginning after December 15, 2021. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The Organization is evaluating the effect that the provisions of ASU 2016-02 will have on its financial statements and related disclosures.

INTERNATIONAL GUIDING EYES, INC.
d/b/a GUIDE DOGS OF AMERICA
(a California Nonprofit Corporation)
Notes to the Financial Statements
Years Ended June 30, 2022 and 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Contributions are recognized as revenue in the period received or unconditionally promised, whichever is earlier. 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. Contributions that are considered conditional, but in which the cash has been received in advance, are reflected on the Statement of Financial Position as a conditional contribution. All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Statement of Activities as net assets released from restrictions. Contributions received with donor restrictions that are met in the same year of receipt are recorded as revenues without donor restrictions.

Exchange Transactions

The Organization recognizes revenue from contracts with customers in accordance with FASB Accounting Standards Codification (ASC) 606, which applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization records exchange transaction revenue in its Statements of Activities for the years ended June 30, 2021 and 2022, as stated below.

Special Fundraising Event Revenue: The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event (the exchange component), and a portion represents a contribution. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as costs of direct donor benefits in the Statement of Activities and changes in net assets. The performance obligation is holding the event. The event fees are set by the Organization. FASB's ASC 606 requires allocation of the transaction price to the performance obligation. Accordingly, the Organization separately presents in its notes to financial statements the exchange and contribution components of the gross proceeds from special events. Special event fees collected by the Organization in advance of the events are initially recognized as liabilities (deferred income) and are recognized as special event revenue after the event. For special event fees received before year-end, for an event to occur after year-end, the Organization follows American Institute of Certified Public Accountants guidance (if this is the case) where the inherent contribution is conditioned on the event taking place and is, therefore, treated as a refundable advance along with the exchange component.

Gift Shop Sales: The Organization has an on-campus and online gift shop where it sells various branded merchandise. Merchandise sales are recorded as revenues upon transfer of the goods to the purchaser, with a very limited right of return.

INTERNATIONAL GUIDING EYES, INC.
d/b/a GUIDE DOGS OF AMERICA
(a California Nonprofit Corporation)
Notes to the Financial Statements
Years Ended June 30, 2022 and 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 expensed 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 – 27.5 years
Furniture and fixtures	5-10 years
Automobiles	5 years
Computers and equipment	5 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.

Bequests

Bequests are an individual's charitable contribution from their estate at the time of their death. The Organization 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 bequests receivable are collectible; therefore, no allowance for uncollectible bequests receivable has been recorded.

Inventory

Inventory costs consist of merchandise for sale stated at the lower of cost or net realizable value. Costs are determined using the first in, first out method.

Contributed services

Many individuals volunteer their time and perform a variety of tasks that assist the Organization 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, 2022 and 2021.

Some services for the years ended June 30, 2022 and 2021, amounting to \$219,996 in both years, were paid directly by IAM and were recorded as in-kind service revenue and in-kind service expense. Contributed services are valued using the actual salary paid by IAM. In both years, the services were utilized for program, fundraising, and administrative and general purposes.

INTERNATIONAL GUIDING EYES, INC.
d/b/a GUIDE DOGS OF AMERICA
(a California Nonprofit Corporation)
Notes to the Financial Statements
Years Ended June 30, 2022 and 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The costs of program and supporting services activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function and therefore, require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel expenses, occupancy professional services, and other expenses. These expenses are allocated on a basis of employee time efforts.

Income Taxes

The Organization is exempt from taxes under Section 501(c) (3) of the Internal Revenue Code and from state income taxes under section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision or benefit for federal or state income taxes is recorded in the accompanying financial statements.

The Organization is subject to audit by tax authorities, including a review of its nonprofit status. The Organization's Forms 990 *Return of Organization Exempt from Income Tax* are subject to examination by the federal taxing authorities within three years from the latest filing date. Federal returns for the fiscal years ended June 30, 2019 and subsequent remain subject to examination by the Internal Revenue Service.

The Organization's Forms 199 *California Exempt Organization Annual Information Return* are subject to examination by the state taxing authorities within four years from the latest filing. State tax returns for the fiscal years ended June 30, 2018 and subsequent remain subject to examination by Franchise Tax Board.

Investments

Investments are reported at fair value on the Statement of Financial Position, 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 the trade date.

Reclassifications

Certain reclassifications have been made to the 2021 financial statements to conform to the 2022 financial statement presentation.

INTERNATIONAL GUIDING EYES, INC.
d/b/a GUIDE DOGS OF AMERICA
(a California Nonprofit Corporation)
Notes to the Financial Statements
Years Ended June 30, 2022 and 2021

NOTE 2: REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table disaggregates the Organization’s revenue based on the timing of satisfaction of performance obligations for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Performance obligations satisfied over time:		
Special events - exchange component	\$ <u>420,764</u>	\$ <u>76,224</u>

NOTE 3: LIQUIDTY AND AVAILABILITY OF FINANCIAL ASSETS

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization’s invests cash in excess of daily requirements in a savings account and short-term investments.

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to generally meet 90 days of operating expenses. Cash in excess of anticipated short-term needs is transferred to the Organization’s investment portfolio.

The following table reflects the Organization’s financial assets available for general expenditure within one year of the date of the Statement of Financial Position as of June 30, 2022.

Cash	\$ 4,655,691
Investments	<u>41,529,745</u>
	<u>\$ 46,185,436</u>

The Organization’s board designated Endowment Fund of \$26,122,577 is subject to an annual spending rate of 4%. Although the Organization does not intend to spend from the Fund, the assets could be made available to pay general expenditures, if necessary (Note 7).

INTERNATIONAL GUIDING EYES, INC.
d/b/a GUIDE DOGS OF AMERICA
(a California Nonprofit Corporation)
Notes to the Financial Statements
Years Ended June 30, 2022 and 2021

NOTE 4: LAND, BUILDING, AND EQUIPMENT

Land, buildings, and equipment as of June 30, 2022 and June 30, 2021 was comprised of:

	<u>2022</u>	<u>2021</u>
Buildings	\$ 14,889,998	\$ 14,939,075
Building improvements	2,902,234	330,242
Automobiles	334,876	299,417
Furniture and fixtures	162,229	162,426
Computers and equipment	<u>371,338</u>	<u>356,338</u>
Total depreciable costs	18,660,675	16,087,498
Less accumulated depreciation	<u>(5,905,504)</u>	<u>(5,474,167)</u>
	12,755,171	10,613,331
Construction in progress	-	1,135,895
Land	<u>603,704</u>	<u>603,704</u>
Land, building, and equipment, net	<u>\$ 13,358,875</u>	<u>\$ 12,352,930</u>

Depreciation for the years ended June 30, 2022 and 2021 was \$514,498 and \$603,371, respectively.

NOTE 5: CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances primarily in several financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation. As of June 30, 2022, uninsured cash was approximately \$3,770,000. The Organization has not experienced any losses in such accounts and management believes that it is not exposed to any significant credit risk of cash.

As of June 30, 2022, and 2021, the Organization's cash and cash equivalents included the following:

	<u>2022</u>	<u>2021</u>
General operating / investing	\$ 3,046,491	\$ 4,296,084
Board directed endowment (Note 7)	<u>1,609,200</u>	<u>2,050,418</u>
	<u>\$ 4,655,691</u>	<u>\$ 6,346,502</u>

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NOTE 6: 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.

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 years 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 and are classified as Level 1.

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

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NOTE 6: INVESTMENT SECURITIES / FAIR VALUE (Continued)

The following is a summary of investments at market value:

As of June 30, 2022				
Fair Value Using				
Investment	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 26,292,238	\$ -	\$ -	\$ 26,292,238
Exchange traded funds	15,237,507	-	-	15,237,507
Oil rights, net of depletion	-	-	-	-
	\$ 41,529,745	\$ -	\$ -	\$ 41,529,745

As of June 30, 2021				
Fair Value Measuring Using				
Investment	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 32,734,404	\$ -	\$ -	\$ 32,734,404
Exchange traded funds	15,327,935	-	-	15,327,935
Oil rights, net of depletion	-	-	6,373	6,373
	\$ 48,062,339	\$ -	\$ 6,373	\$ 48,068,712

As of June 30, 2022, the Organization's investments include \$24,513,377, which is part of the board designated Endowment Fund (See Note 7).

Investments, general	\$ 17,016,368
Investments, board directed endowment	24,513,377
	\$ 41,529,745

As of June 30, 2021, the Organization's investments include \$26,836,603, which is part of the board designated Endowment Fund.

Investments, general	\$ 21,225,736
Investments, board directed endowment	26,836,603
Oil rights, net of depletion	6,373
	\$ 48,068,712

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NOTE 6: INVESTMENT SECURITIES / FAIR VALUE (Continued)

Investment income for the years ended June 30, 2022 and 2021 consisted of:

	<u>2022</u>	<u>2021</u>
Dividends and interest	\$ 919,820	\$ 688,885
Realized gain, net	4,187,327	1,418,719
Unrealized gains (losses)	(13,219,590)	6,936,460
Oil rights income, net of depletion	78,548	36,060
Management and broker expenses	(133,653)	(103,252)
Investment income (loss), net	<u>\$ (8,167,548)</u>	<u>\$ 8,976,872</u>

NOTE 7: BOARD DESIGNATED ENDOWMENT

The Organization’s Investment Policy Statement (“IPS”) establishes an Endowment Fund 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 without donor restrictions but designated by the Board as an endowment. The Organization’s return objective for the Fund is to earn an average return over the holding period of 7%. The IPS’s risk parameters limits investments to selected asset allocations of open-ended mutual funds for equity and fixed income funds, along with Exchange Traded Funds and certificates of deposit. From time to time, these allocations may change due to market conditions.

The following table presents the activity of the Endowment Fund for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Endowment net assets, beginning of year	\$ 28,887,021	\$ 11,598,175
Appropriation from general unrestricted funds to Board-designated endowment	2,600,000	13,105,370
Investment return, net	(5,364,444)	4,183,476
Endowment net assets, end of year	<u>\$ 26,122,577</u>	<u>\$ 28,887,021</u>

The moving average methodology is used for the Endowment Fund’s spending policy with the goal to dampen volatility in spending. Dollars available for spending is determined by applying a 4% annual spending rate to the beginning-period market values over a rolling of 12 quarters. The Board at its discretion may use the Endowment Fund to fund operating expenses if the General Fund falls below \$2,000,000. To date, no such funding has been required. The Board, at its discretion may also transfer assets from the General Fund and deposit them into the Endowment Fund. This action may occur only if the General Fund exceeds \$20,000,000.

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NOTE 8: CONDITIONAL CONTRIBUTIONS

The Organization received cash advances on conditional contributions. As of June 30, 2022, and 2021, the Organization's conditional contributions included the following:

	<u>2022</u>	<u>2021</u>
Paycheck Protection Program Loan (Note 9)	\$ -	\$ 835,000
Deferred grant advances	-	98,706
Deferred special event income	<u>66,167</u>	<u>70,552</u>
	<u>\$ 66,167</u>	<u>\$ 1,004,258</u>

NOTE 9: PAYCHECK PROTECTION PROGRAM LOAN

In January 2021, the Organization received loan proceeds in the amount of \$835,000 from the U.S. Small Business Administration (SBA) pursuant to the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after up to 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the 24-week period. The Organization used the proceeds for purposes consistent with the PPP. On January 20, 2022, the loan was forgiven. The Organization recognized \$835,000 as grant revenue within Government support for the year ended June 30, 2022.

NOTE 10: SPECIAL EVENTS

The Organization engaged in various fund-raising activities. The following is a summary of these events' revenues and expenses:

	<u>Year Ended June 30, 2022</u>		
	<u>Revenue</u>	<u>Expenses</u>	<u>Net revenue</u>
Annual fundraiser	\$ 747,297	\$ 415,876	\$ 331,421
Other fundraising activities	<u>71,489</u>	<u>4,888</u>	<u>66,601</u>
Total special event income, net	<u>\$ 818,786</u>	<u>\$ 420,764</u>	<u>\$ 398,022</u>
	<u>Year Ended June 30, 2021</u>		
	<u>Revenue</u>	<u>Expenses</u>	<u>Net revenue</u>
Other fundraising activities	\$ 103,039	\$ 76,224	\$ 26,815
Total special event income, net	<u>\$ 103,039</u>	<u>\$ 76,224</u>	<u>\$ 26,815</u>

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NOTE 11: PENSION

The Organization is a contributing employer to the IAM National Pension Fund. This is a multiemployer, defined benefit pension plan covering substantially all the Organization's employees. Pension benefits are based on years of past and expected future service.

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, 2022 and 2021 were \$345,789 and \$327,362, respectively.

NOTE 12: UNION

In November 2021, the Organization withdrew recognition of IAM as the collective bargaining representative of its employees.

The Organization recognized the Office & Professional Employees International Union (OPEIU) - Local 30 as the exclusive bargaining agents of the collective bargaining unit in February 2022. The Organization and OPEIU reached a tentative collective bargaining agreement in September 2022.

The Organization maintained the terms of the IAM collective bargaining agreement until the tentative collective bargaining agreement was reached in September 2022.

NOTE 13: CONCENTRATIONS

Workforce: The majority of the Organization's workforce are covered under a collective bargaining agreement. As of June 30, 2022, the Organization was in negotiation with OPEIU to finalize a new collective bargaining agreement. This agreement, among other things, governs compensation, benefits, and worker's rights. (See Note 12)

Major Contributors: During the year ended June 30, 2022, total contributions included contributions from donor 1 for \$835,000 and donor 2 for \$600,000 which accounts for 11% and 8%, respectively, of the Organization's total public support.

During the year ended June 30, 2021, contributions from bequests included contributions from donor 1 for \$7,887,060 and donor 2 for \$1,500,000 which accounts for 29% and 6%, respectively, of the Organization's total public support and revenue.

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NOTE 14: COMMITMENTS AND CONTINGENCIES

The Organization entered into a 12-month non-cancelable operating lease of office facility space in September 2021. Future minimum payments under the lease agreement are \$3,413 for the year ending June 30, 2023. Rent expense was \$15,177 for the year ended June 30, 2022 and \$21,600 for the year ended June 30, 2021. The Organization did not renew this lease after its expiration in October 2022.

NOTE 15: SUBSEQUENT EVENTS

The Organization has evaluated events subsequent to June 30, 2022 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through November 7, 2022, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.