

**INTERNATIONAL GUIDING EYES,  
INC.**

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

**(A California Nonprofit Corporation)**

**Audited Financial Statements**

**Years Ended June 30, 2020 and 2019**

**INTERNATIONAL GUIDING EYES, INC.**  
**d/b/a GUIDE DOGS OF AMERICA**  
**(A California Nonprofit Corporation)**  
**Years Ended June 30, 2020 and 2019**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of International Guiding Eyes, Inc. d/b/a Guide Dogs of America and d/b/a Tender Loving Canines (A California Nonprofit Corporation), which comprise the statements of financial position as of June 30, 2020 and 2019, 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.

## INDEPENDENT AUDITOR'S REPORT

(Continued)

### Opinion

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 and d/b/a Tender Loving Canines as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Valencia, California  
October 19, 2020

**INTERNATIONAL GUIDING EYES, INC.**  
**d/b/a GUIDE DOGS OF AMERICA**  
**(A California Nonprofit Corporation)**  
**Statements of Financial Position**  
**As of June 30, 2020 and 2019**

	<b>June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<u>          </u>	<u>          </u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 3,076,050	\$ 1,931,253
Investments	32,008,945	28,532,091
Bequests receivable	753,740	3,274,143
Other assets	333,811	349,829
Land, building, and equipment, net	<u>11,809,182</u>	<u>12,226,116</u>
<b>Total Assets</b>	<b><u>\$ 47,981,728</u></b>	<b><u>\$ 46,313,432</u></b>
 <b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 504,545	\$ 357,402
Conditional contributions	<u>1,000,330</u>	<u>-</u>
<b>Total Liabilities</b>	<b><u>1,504,875</u></b>	<b><u>357,402</u></b>
 <b>Net assets:</b>		
Without donor restrictions:		
- Undesignated	34,878,678	37,411,579
- Board designated	<u>11,598,175</u>	<u>8,544,451</u>
<b>Total Net Assets</b>	<b><u>46,476,853</u></b>	<b><u>45,956,030</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 47,981,728</u></b>	<b><u>\$ 46,313,432</u></b>

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, 2020 and 2019**

	<b>June 30,</b>	
	<u>2020</u>	<u>2019</u>
<b>Public Support and Revenue without Donor Restrictions</b>		
<b>Public Support</b>		
Contributions:		
Bequests	\$ 1,532,867	\$ 6,100,001
Grants and other support	1,231,994	1,161,780
Individuals	737,399	553,883
Sponsorships	446,098	399,829
Excess of assets acquired over liabilities assumed in donation of TLCAD	431,069	-
Workplace giving	218,876	284,292
In-kind services	219,996	220,000
Businesses	159,513	54,773
<b>Total Public Support</b>	<u>4,977,812</u>	<u>8,774,558</u>
<b>Revenue</b>		
Investment income, net	674,558	1,669,506
Special events, net	1,128,135	1,618,635
<b>Total Revenue</b>	<u>1,802,693</u>	<u>3,288,141</u>
<b>Total Public Support and Revenue</b>	<u>6,780,505</u>	<u>12,062,699</u>
<b>Expenses and Loss</b>		
Program expenses	5,065,893	4,911,690
Support services:		
Fundraising	709,589	695,087
Management and administrative	484,200	343,598
	<u>1,193,789</u>	<u>1,038,685</u>
Loss on property disposals	-	140,930
<b>Total expenses and loss on property disposals</b>	<u>6,259,682</u>	<u>6,091,305</u>
<b>Change in net assets without donor restrictions</b>	<u>520,823</u>	<u>5,971,394</u>
Net assets, beginning of year	<u>45,956,030</u>	<u>39,984,636</u>
<b>Net assets, end of year</b>	<u>\$ 46,476,853</u>	<u>\$ 45,956,030</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, 2020**

	<u>Support Services</u>			
	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 2,211,245	\$ 200,856	\$ 196,422	\$ 2,608,523
In-kind services	186,491	16,940	16,566	219,996
Employee benefits	534,893	48,586	47,514	630,993
Payroll taxes	<u>174,877</u>	<u>15,885</u>	<u>15,534</u>	<u>206,296</u>
Total personnel	3,107,505	282,267	276,035	3,665,807
Cleaning and janitorial	26,604	4,500	5,009	36,113
Depreciation	547,325	28,674	28,744	604,743
Dog food and supplies	88,469	-	-	88,469
Insurance	132,965	12,078	11,811	156,854
Merchandise	-	98,964	-	98,964
Occupancy	80,236	6,162	6,026	92,423
Office, computer, and supplies	164,786	69,450	14,378	248,614
Postage and shipping	16,655	40,509	1,251	58,415
Professional fees	102,207	21,298	110,024	233,529
Promo., printing, and publications	-	76,008	-	76,008
Program supplies	49,629	-	-	49,629
Repairs and maintenance	95,105	-	-	95,105
Special events - fundraising	-	490,781	-	490,781
Student training	13,065	-	-	13,065
Subscriptions, meetings, and dues	52,525	25,632	11,985	90,142
Taxes and licenses	8,226	4,222	1,849	14,297
Travel	32,328	22,658	1,413	56,399
Utilities and telephone	206,020	17,168	15,675	238,864
Vehicle	29,431	-	-	29,431
Veterinarian fees and supplies	<u>312,811</u>	<u>-</u>	<u>-</u>	<u>312,811</u>
Total expense by function	5,065,893	1,200,370	484,200	6,750,463
Less expense included with revenue on the Statement of Activities		<u>(490,781)</u>		<u>(490,781)</u>
Total expense included in the expense section on the Statement of Activities	\$ <u>5,065,893</u>	\$ <u>709,589</u>	\$ <u>484,200</u>	\$ <u>6,259,682</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, 2019**

		<u>Support Services</u>		
	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 2,088,795	\$ 203,573	\$ 132,175	\$ 2,424,543
In-kind services	154,000	33,000	33,000	220,000
Employee benefits	560,804	54,656	35,487	650,947
Payroll taxes	169,827	16,551	10,746	197,124
Total personnel	2,973,426	307,780	211,408	3,492,614
Cleaning and janitorial	33,086	2,709	1,510	37,305
Depreciation	414,287	33,921	18,907	467,115
Dog food and supplies	93,862	-	-	93,862
Insurance	134,909	11,046	6,157	152,112
Merchandise	-	57,875	-	57,875
Occupancy	146,993	12,036	6,708	165,737
Office, computer, and supplies	93,693	7,671	4,276	105,640
Postage and shipping	38,062	3,116	1,737	42,915
Professional fees	-	-	66,623	66,623
Promo., printing, and publications	-	211,798	-	211,798
Program supplies	74,302	-	-	74,302
Repairs and maintenance	104,758	8,578	4,781	118,117
Special events - fundraising	-	464,145	-	464,145
Student training	27,096	-	-	27,096
Subscriptions, meetings, and dues	149,999	12,282	6,845	169,126
Taxes and licenses	92,293	7,557	4,212	104,062
Travel	47,939	3,925	2,188	54,052
Utilities and telephone	166,442	13,628	7,596	187,666
Vehicle	14,231	1,165	650	16,046
Veterinarian fees and supplies	306,312	-	-	306,312
Total expense by function	4,911,690	1,159,232	343,598	6,414,520
Less expense included with revenue on the Statement of Activities	-	(464,145)	-	(464,145)
Total expense included in the expense section on the Statement of Activities	\$ <u>4,911,690</u>	\$ <u>695,087</u>	\$ <u>343,598</u>	\$ <u>5,950,375</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, 2020 and 2019**

	<b>Year Ended June 30,</b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
<b>Operating activities:</b>		
Change in net assets	\$ 520,823	\$ 5,971,394
<i>Non-cash transactions:</i>		
Depreciation	604,743	467,115
Net unrealized gain on investments	291,931	(713,770)
Donated securities	(121,698)	(637,079)
Oil rights - depletion	7,999	5,085
Equipment additions from acquisition	(35,000)	-
Loss on property disposals	-	140,930
<i>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</i>		
<i>(Increase) decrease in:</i>		
Bequests receivable	2,520,403	(1,523,075)
Other assets	16,018	(166,996)
<i>Increase (decrease) in:</i>		
Accounts payable and accrued expenses	147,143	(448,294)
Conditional Contribution	1,000,330	-
<b>Net cash provided by operating activities</b>	<b><u>4,952,692</u></b>	<b><u>3,095,310</u></b>
<b>Investing Activities:</b>		
Purchases of investments	(11,208,576)	(3,726,033)
Proceeds on sale of investments	7,553,488	2,425,322
Building and equipment additions	(152,807)	(4,139,247)
<b>Net cash used in investing activities</b>	<b><u>(3,807,895)</u></b>	<b><u>(5,439,958)</u></b>
Net (decrease) increase in cash	1,144,797	(2,344,648)
Cash and cash equivalents, beginning of year	1,931,253	4,275,901
<b>Cash and cash equivalents, end of year</b>	<b>\$ <u><u>3,076,050</u></u></b>	<b>\$ <u><u>1,931,253</u></u></b>

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, 2020 and 2019**

**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 the lives of people who are blind, veterans, individuals with autism, and vulnerable populations in facilities through partnerships with service dogs. The Organization’s operations located in Sylmar, California include a Kennel, Guide Dog Training, Service Dog Training, Veterinarian Care, Student Relations, Puppy Program and Breeding.

The Organization’s Breeding center hosts approximately 45 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 the Organization for training.

The Organization’s Puppy program for Guide Dogs 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, the Organization’s Veterinary Department provides most of the medical needs for the dogs.

The Organization’s Prison program for Service Dogs monitors and assists incarcerated individuals with the raising and training of puppies. Instructors enter correctional facilities multiple times a week to develop the dogs from puppyhood to adulthood. Service dogs learn their entire skill set in the prison program. Trainers take the dogs out of the prison for a few days at a time to give them experience in the real world.

The Organization provides temporary living quarters for its Student Relations program. The Student Relations program is designed for blind recipients of guide dogs, as well as veteran recipients of service dogs, primary care giver recipients of autism service dogs, and primary handler recipients for facility dogs. All recipients receive specialized instruction on mastering the technique of using a guide or service dog. The Organization is committed to assisting each student during the working life of the team, including boarding and veterinary care when available.

**INTERNATIONAL GUIDING EYES, INC.**  
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**Notes to the Financial Statements**  
**Years Ended June 30, 2020 and 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Nature of Activities (Continued)**

The Organization's volunteer base has expanded to approximately 210 on campus volunteers in addition to the approximately 200 volunteers who have the Organization's 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 the Organization.

**New Accounting Pronouncement**

The Organization adopted the Financial Accounting Standards Board (FASB) Accounting Standard Update (ASU) 2014-09 *Revenue from Contracts with Customers (Topic 606)*. This guidance applies to exchange transactions with customers that are bound by contracts or similar arrangements and established a performance obligation approach to revenue recognition. The Organization records exchange transaction revenue in its Statements of Activities for the years ended June 30, 2020 and 2019, 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 Accounting Standards Codification (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. The ASU has been applied retrospectively to all periods presented.

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**Notes to the Financial Statements**  
**Years Ended June 30, 2020 and 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**New Accounting Pronouncement (continued)**

The Organization adopted ASU 2018-08 *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This update was issued to provide guidance on the accounting and reporting of grants and contributions. This guidance assists nonprofit organizations in evaluating if a transaction is an exchange transaction or a contribution. Clarification was also added to determine if a contribution is conditional or unconditional and how each of these should be recorded. There was no effect on the Organization's previously reported net assets as of June 30, 2019.

**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.

**INTERNATIONAL GUIDING EYES, INC.**  
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**Notes to the Financial Statements**  
**Years Ended June 30, 2020 and 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Future Accounting Standards**

In February 2016, the FASB issued 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. 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. ASU is effective for fiscal years beginning after December 15, 2020. 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.

**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 increased 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.

**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.

**INTERNATIONAL GUIDING EYES, INC.**  
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**Notes to the Financial Statements**  
**Years Ended June 30, 2020 and 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fixed Assets (Continued)**

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 – 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.

**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.

**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, 2020 and 2019.

Some services for the years ended June 30, 2020 and 2019, amounting to \$219,996 and \$220,000, respectively, were paid directly by the Union and were recorded as in-kind service revenue and in-kind service expense.

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**Notes to the Financial Statements**  
**Years Ended June 30, 2020 and 2019**

**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 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, 2017 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, 2016 and subsequent remain subject to examination by Franchise Tax Board.

**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.

**INTERNATIONAL GUIDING EYES, INC.**  
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**Notes to the Financial Statements**  
**Years Ended June 30, 2020 and 2019**

**NOTE 2: ACQUISITION OF TLCAD**

On January 1, 2020, the Organization acquired Tender Loving Canines Assistance Dogs (TLCAD). TLCAD provides skilled service dogs to veterans and individuals with autism, pairs facility dogs with professionals that serve populations who benefit from animal assisted intervention or therapy, and operates a prison-based dog-training program. The acquisition allows the Organization to serve a larger population. The transaction was accounted for as a business combination which requires that assets acquired and liabilities assumed be recognized at their fair value as of the acquisition date. The excess of the assets acquired over the liabilities assumed is recorded as an inherent contribution. The transaction is summarized below:

Cash	\$	598,578
Other assets		4,583
Fixed assets		35,000
Accounts payable and accrued expenses		(5,329)
Conditional contributions		<u>(201,763)</u>
TLCAD Acquisition Contribution	\$	<u><u>431,069</u></u>

**NOTE 3: 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, 2020 and 2019:

	June 30,	
	2020	2019
Performance obligations satisfied over time:		
Special events - exchange component	\$ <u>490,781</u>	\$ <u>464,145</u>

**NOTE 4: 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.



**INTERNATIONAL GUIDING EYES, INC.**  
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**Notes to the Financial Statements**  
**Years Ended June 30, 2020 and 2019**

**NOTE 4: LIQUIDTY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)**

The Organization's 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, 2020.

Cash	\$	3,076,050
Investments		<u>32,008,945</u>
	\$	<u><u>35,084,995</u></u>

The Organization's board designated Endowment Fund of \$11,598,175 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 8).

**NOTE 5: LAND, BUILDING, AND EQUIPMENT**

Land, buildings, and equipment as of June 30, 2020 was comprised of:

	June 30,	
	2020	2019
Buildings	\$ 10,079,229	\$ 10,079,229
Building improvements	5,190,088	5,190,087
Automobiles	299,417	269,694
Computers and equipment	221,354	211,403
Furniture and fixtures	<u>286,186</u>	<u>201,095</u>
Total depreciable costs	16,076,274	15,951,508
Less accumulated depreciation	<u>(4,870,796)</u>	<u>(4,329,096)</u>
	11,205,478	11,622,412
Land	<u>603,704</u>	<u>603,704</u>
Land, building, and equipment, net	<u><u>\$ 11,809,182</u></u>	<u><u>\$ 12,226,116</u></u>

Depreciation for the years ended June 30, 2020 and 2019 was \$604,743 and \$467,115, respectively.

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**NOTE 6: 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, 2020, uninsured cash was approximately \$1,532,000. 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, 2020, and 2019, the Organization’s cash and cash equivalents included the following:

	June 30,	
	2020	2019
General operating / investing	\$ 2,965,001	\$ 1,740,837
Board directed endowment (Note 8)	111,049	190,416
	\$ 3,076,050	\$ 1,931,253

**NOTE 7: 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.

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**NOTE 7: INVESTMENT SECURITIES / FAIR VALUE (Continued)**

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.

The following is a summary of investments at market value:

<u>Investment</u>	As of June 30, 2020			
	Fair Value Measuring Using			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 29,179,353	\$ -	\$ -	\$ 29,179,353
Exchange traded funds	2,816,855	-	-	2,816,855
Oil rights, net of depletion	-	-	12,737	12,737
	\$ 31,996,208	\$ -	\$ 12,737	\$ 32,008,945

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**NOTE 7: INVESTMENT SECURITIES / FAIR VALUE (Continued)**

<u>Investment</u>	As of June 30, 2019			
	Fair Value Measuring Using			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 25,799,520	\$ -	\$ -	\$ 25,799,520
Exchange traded funds	2,711,835	-	-	2,711,835
Oil rights, net of depletion	-	-	20,736	20,736
	\$ 28,511,355	\$ -	\$ 20,736	\$ 28,532,091

As of June 30, 2020, the Organization's investments include \$11,487,126, which is part of the board designated Endowment Fund (See Note 8).

Investments, general	\$ 20,509,082
Investments, board directed endowment	11,487,126
Oil rights, net of depletion	12,737
	\$ 32,008,945

As of June 30, 2019, the Organization's investments include \$8,354,035, which is part of the board designated Endowment Fund.

Investments, general	\$ 20,157,320
Investments, board directed endowment	8,354,035
Oil rights, net of depletion	20,736
	\$ 28,532,091

Investment income for the years ended June 30, 2020 and 2019 consisted of:

	June 30,	
	2020	2019
Dividends and interest	\$ 764,801	\$ 729,740
Realized gain (net)	320,782	314,858
Unrealized gains/losses	(291,931)	713,770
Oil rights income, net of depletion	45,327	28,817
Management and broker expenses	(164,421)	(117,679)
Investment income, net	\$ 674,558	\$ 1,669,506

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**NOTE 8: 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 6%. 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, 2020 and 2019:

	June 30,	
	2020	2019
Endowment net assets, beginning of year	\$ 8,544,451	\$ 7,355,181
Appropriation from general unrestricted funds to Board-designated endowment	2,800,000	700,000
Investment return, net	253,724	489,270
Endowment net assets, end of year	\$ 11,598,175	\$ 8,544,451

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 \$5,000,000. 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 9: CONDITIONAL CONTRIBUTIONS**

The Organization received cash advances on conditional contributions. As of June 30, 2020, and 2019, the Organization’s conditional contributions included the following:

	June 30,	
	2020	2019
Paycheck Protection Program Loan (Note 10)	\$ 835,000	\$ -
Deferred grant advances	165,330	-
	\$ 1,000,330	\$ -

**NOTE 10: PAYCHECK PROTECTION PROGRAM LOAN**

In May 2020, 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 unforgiven portion of the PPP loan is payable over two years at an interest rate of 1% with a deferral of payments for the first six months. The Organization has used the proceeds for purposes consistent with the PPP. The Organization currently believes that its use of the loan proceeds will meet conditions for forgiveness of the loan, however, the Organization has not yet applied for forgiveness. Management concluded that the PPP loan was, in substance, a grant that is expected to be forgiven. Therefore, the Organization recognized the PPP loan as a conditional contribution. The balance of the conditional contribution at June 30, 2020 is \$835,000.

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**NOTE 11: SPECIAL EVENTS**

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

	Year Ended June 30, 2020		
	Revenue	Expenses	Net revenue
Annual fundraiser	\$ 1,079,452	\$ 303,248	\$ 776,204
Other fundraising activities	539,464	187,533	351,931
Total special event income, net	\$ 1,618,916	\$ 490,781	\$ 1,128,135
	Year Ended June 30, 2019		
	Revenue	Expenses	Net revenue
Annual fundraiser	\$ 1,377,356	\$ 296,890	\$ 1,080,466
Other fundraising activities	705,424	167,255	538,169
Total special event income, net	\$ 2,082,780	\$ 464,145	\$ 1,618,635

**NOTE 12: 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, 2020 and 2019 were \$279,546 and \$272,712, respectively.

**NOTE 13: CONCENTRATIONS**

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

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**NOTE 13: CONCENTRATIONS (continued)**

*Major Contributors:* During the year ended June 30, 2020, contributions from bequests included contributions from donor 1 for \$430,292 and donor 2 for \$178,500 which accounts for 6% and 3% of the Organization's total public support and revenue.

During the year ended June 30, 2019, contributions from bequests included contributions from donor 1 for \$2,773,937 and donor 2 for \$800,000 which accounts for 23% and 7% of the Organization's total public support and revenue.

**NOTE 14: COMMITMENTS AND CONTINGENCIES**

The Organization entered into a 12-month non-cancelable operating lease of office facility space in November 2019. Future minimum payments under the lease agreement is \$7,414 for the year ending June 30, 2021. Rent expense was \$12,402 for the year ended June 30, 2020 and \$0 for the year ended June 30, 2019.

**NOTE 15: SUBSEQUENT EVENTS**

In December 2019 and early 2020, the coronavirus that causes COVID-19 was reported to have surfaced in China. The spread of this virus globally including in early 2020 has caused business disruption domestically in the United States, the area in which the Organization operates. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of this uncertainty. The Organization expects this matter to have a minimal impact on Organization's financial condition.

The Organization has evaluated events subsequent to June 30, 2020 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through October 19, 2020, 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.