

**INTERNATIONAL GUIDING EYES,
INC.**

d/b/a GUIDE DOGS OF AMERICA

(A California Nonprofit Corporation)

Audited Financial Statements

Years Ended June 30, 2024 and 2023

INTERNATIONAL GUIDING EYES, INC.
d/b/a GUIDE DOGS OF AMERICA
(A California Nonprofit Corporation)
Years Ended June 30, 2024 and 2023

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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, 2024 and 2023, 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, 2024 and 2023, 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.

Melissa A. Pacheco & Associates

Valencia, California
October 25, 2024

INTERNATIONAL GUIDING EYES, INC.
d/b/a GUIDE DOGS OF AMERICA
(A California Nonprofit Corporation)
Statements of Financial Position
As of June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets:		
Cash and cash equivalents	\$ 5,397,213	\$ 4,534,120
Investments	60,330,367	47,932,850
Bequests receivable	418,251	229,699
Contributions receivable	158,472	61,171
Other assets	131,983	183,076
Inventory	98,595	102,748
Fixed assets, net	<u>12,483,516</u>	<u>12,862,067</u>
Total Assets	<u>\$ 79,018,397</u>	<u>\$ 65,905,731</u>
Liabilities:		
Accounts payable and accrued expenses	\$ 427,610	\$ 379,766
Conditional contributions	<u>216,408</u>	<u>105,271</u>
Total Liabilities	<u>644,018</u>	<u>485,037</u>
Net assets:		
Without donor restrictions:		
- Undesignated	39,743,530	35,940,202
- Board designated	38,232,523	29,184,948
With donor restrictions	<u>398,326</u>	<u>295,544</u>
Total Net Assets	<u>78,374,379</u>	<u>65,420,694</u>
Total Liabilities and Net Assets	<u>\$ 79,018,397</u>	<u>\$ 65,905,731</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 Activities
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Changes In Net Assets Without Donor Restrictions:		
Public Support		
Contributions:		
Bequests	\$ 8,238,494	\$ 3,191,003
Grants and other support	2,511,518	2,736,728
Individuals	1,167,900	1,232,351
In-kind services	405,669	260,000
Businesses	299,231	250,642
Workplace giving	293,914	244,504
Government	134,796	134,796
Total Public Support	<u>13,051,522</u>	<u>8,050,024</u>
Revenue		
Investment income, net	6,654,067	4,666,207
Special events, net	295,136	293,708
Gift shop sales	11,682	27,301
Gain on disposal of fixed assets	-	183
Total Revenue	<u>6,960,885</u>	<u>4,987,399</u>
Total Public Support and Revenue	<u>20,012,407</u>	<u>13,037,423</u>
Net assets released from restrictions	295,544	-
Total Support Without Donor Restrictions	<u>20,307,951</u>	<u>13,037,423</u>
Expenses		
Program expenses	6,073,667	6,394,384
Support services:		
Fundraising	886,799	745,175
Management and administrative	496,582	504,157
Total Expenses	<u>7,457,048</u>	<u>7,643,716</u>
Changes In Net Assets Without Donor Restrictions	<u>12,850,903</u>	<u>5,393,707</u>
Changes In Net Assets With Donor Restrictions:		
Government contributions restricted by purpose	210,000	295,544
Grant contributions restricted by purpose	188,326	-
Net assets released from restrictions	(295,544)	-
Changes In Net Assets With Donor Restrictions	<u>102,782</u>	<u>295,544</u>
Total Change In Net Assets	<u>12,953,685</u>	<u>5,689,251</u>
Net assets, beginning of year	<u>65,420,694</u>	<u>59,731,443</u>
Net assets, end of year	<u><u>\$ 78,374,379</u></u>	<u><u>\$ 65,420,694</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)

Statement of Functional Expenses

Year Ended June 30, 2024

		<u>Support Services</u>			
	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>	
Salaries	\$ 2,396,143	\$ 263,184	\$ 213,722	\$ 2,873,049	
Employee benefits	621,600	38,078	28,421	688,099	
Payroll taxes	188,383	20,663	18,516	227,562	
In-kind services	<u>263,685</u>	<u>101,417</u>	<u>40,567</u>	<u>405,669</u>	
Total personnel	3,469,811	423,342	301,226	4,194,379	
Bank fees	-	46,835	-	46,835	
Cleaning and janitorial	42,744	5,565	5,566	53,875	
Cost of goods sold	-	4,153	-	4,153	
Depreciation	497,572	36,857	32,605	567,034	
Dog food and supplies	154,343	269	-	154,612	
Information technology and software	220,074	74,006	17,922	312,002	
Insurance	219,131	16,916	28,478	264,525	
Merchandise	-	31,430	-	31,430	
Occupancy	91,914	6,157	6,304	104,375	
Office, computer, and supplies	48,645	16,492	11,174	76,311	
Postage and shipping	27,895	15,699	2,003	45,597	
Professional fees	119,519	29,176	49,754	198,449	
Promotional, printing, and publications	97,322	53,295	392	151,009	
Program supplies	91,055	19,175	3,641	113,871	
Repairs and maintenance	131,092	7,961	9,035	148,088	
Special events - direct benefit expenses	-	500,878	-	500,878	
Student meals	63,658	-	-	63,658	
Subscriptions, meetings, and dues	49,203	38,236	7,632	95,071	
Taxes and licenses	20,929	3,998	1,289	26,216	
Travel	64,503	35,676	3,913	104,092	
Utilities and telephone	223,571	19,829	15,531	258,931	
Vehicle	53,301	1,732	117	55,150	
Veterinarian fees and supplies	<u>387,385</u>	<u>-</u>	<u>-</u>	<u>387,385</u>	
Total expense by function	6,073,667	1,387,677	496,582	7,957,926	
Less expenses netted against special events revenue on the Statements of Activities	<u>-</u>	<u>(500,878)</u>	<u>-</u>	<u>(500,878)</u>	
Total expense included in the expense section on the Statements of Activities	\$ <u>6,073,667</u>	\$ <u>886,799</u>	\$ <u>496,582</u>	\$ <u>7,457,048</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, 2023

	Program Services	Support Services		Total
		Fundraising	Management and General	
Salaries	\$ 2,627,784	\$ 168,831	\$ 206,254	\$ 3,002,869
Employee benefits	625,484	29,185	31,179	685,848
In-kind services	169,000	65,000	26,000	260,000
Payroll taxes	209,487	13,607	16,794	239,888
Total personnel	3,631,755	276,623	280,227	4,188,605
Bank fees	-	39,184	-	39,184
Cleaning and janitorial	44,218	6,294	6,414	56,926
Cost of goods sold	-	34,891	-	34,891
Depreciation	532,117	28,560	40,585	601,262
Dog food and supplies	165,183	135	16	165,334
Information technology and software	201,848	48,122	13,393	263,363
Insurance	236,505	12,694	20,881	270,080
Merchandise	-	11,828	-	11,828
Occupancy	144,398	7,511	10,672	162,581
Office, computer, and supplies	65,079	22,415	9,885	97,379
Postage and shipping	29,657	17,464	2,526	49,647
Professional fees	143,852	38,331	65,537	247,720
Promotional, printing, and publications	126,041	97,736	8,927	232,704
Program supplies	73,460	9,777	2,175	85,412
Repairs and maintenance	127,245	4,914	8,297	140,456
Special events - direct benefit expenses	-	497,130	-	497,130
Student meals	77,115	-	-	77,115
Subscriptions, meetings, and dues	48,377	31,977	7,990	88,344
Taxes and licenses	58,099	8,849	4,086	71,034
Travel	61,421	32,612	3,156	97,189
Utilities and telephone	242,432	12,731	19,376	274,539
Vehicle	63,686	2,527	14	66,227
Veterinarian fees and supplies	321,896	-	-	321,896
Total expense by function	6,394,384	1,242,305	504,157	8,140,846
Less expenses netted against special events revenue on the Statements of Activities	-	(497,130)	-	(497,130)
Total expense included in the expense section on the Statements of Activities	\$ <u>6,394,384</u>	\$ <u>745,175</u>	\$ <u>504,157</u>	\$ <u>7,643,716</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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Activities:		
Change in net assets	\$ 12,953,685	\$ 5,689,251
<i>Non-cash transactions:</i>		
Depreciation	567,034	601,262
Net realized/unrealized gain on investments	(4,779,353)	(3,137,070)
Donated securities	(76,313)	(78,432)
Gain on disposal of fixed assets	-	(183)
<i>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</i>		
(Increase) decrease in:		
Bequests receivable	(188,552)	115,485
Contributions receivable	(97,301)	(34,455)
Other assets	51,093	(32,760)
Inventory	4,153	34,892
Increase (decrease) in:		
Accounts payable and accrued expenses	47,844	(26,791)
Conditional contributions	111,137	39,104
Net cash provided by operating activities	<u>8,593,427</u>	<u>3,170,303</u>
Investing Activities:		
Purchases of investments	(20,357,880)	(5,226,122)
Proceeds on sale of investments	12,816,030	2,038,519
Fixed asset additions	(188,484)	(105,871)
Proceeds from sale of fixed assets	-	1,600
Net cash used in investing activities	<u>(7,730,334)</u>	<u>(3,291,874)</u>
Net increase (decrease) in cash	863,093	(121,571)
Cash and cash equivalents, beginning of year	4,534,120	4,655,691
Cash and cash equivalents, end of year	\$ <u><u>5,397,213</u></u>	\$ <u><u>4,534,120</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, 2024 and 2023

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's mission is to transform lives through partnerships with service dogs. The Organization provides professionally trained, expertly matched service dogs and personalized instruction in their care and use to people who are blind/visually impaired, veterans with PTSD or mobility limitations, and children with autism. The Organization also places facility dogs with professionals who work with other populations who benefit from animal intervention in settings such as hospitals, schools, courtrooms, and police departments. All dogs and services are provided at no cost and are available to eligible applicants from throughout the United States and Canada.

Located in Sylmar, California, the Organization's primary operations include **Puppy Program, Canine Development, Veterinary Department, Kennel Department, Guide and Service Dog Training Programs, In-Residence Team Training Program, and Client Services.**

The Organization is committed to breeding specially selected dogs with the optimal health, temperament, and desire for service work. The **Puppy Program** places the Organization's puppies into volunteer foster homes, referred to as "puppy raisers." The **Puppy Program** and **Canine Development** teams monitor and assist the puppy raisers. Together, they teach the puppies basic obedience, proper house manners, and the confidence to become future guide or service dog partners.

Puppy raisers return the dogs to the Organization for formal training when they are 12 to 18 months old. The dogs are then tested and selected to enter guide work or service work. Dogs chosen for **guide work** live in the kennels while certified instructors install the skill set required for guide dog mobility work.

Dogs that are chosen for **service work** enter the Organization's prison training program. The Organization's instructors teach carefully selected inmates how to train their dogs using positive reinforcement techniques, as used throughout the entire program. This program allows the Organization to train more dogs and provides valuable opportunities for education and rehabilitation for the inmates.

The **Kennel Department** boards puppies in training, females in heat, guide dogs in formal training, and graduated service dogs. The kennel staff dedicates their time to caring for, feeding, grooming, socializing, and enriching the canine guests.

INTERNATIONAL GUIDING EYES, INC.
d/b/a GUIDE DOGS OF AMERICA
(a California Nonprofit Corporation)
Notes to the Financial Statements
Years Ended June 30, 2024 and 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nature of Activities (Continued)

The Organization's **Veterinary Department** provides veterinary care to all dogs in the program from birth until graduation. Program graduates also have access to the on-campus veterinary department throughout the team's working life.

Multiple times each year, students come to the Organization's campus to receive a fully trained dog and attend an **In-Residence Training Program** to learn to work with the dog as a team. The Organization covers the cost of transportation to and from the campus (including air travel), room/board, and dining accommodations.

The Organization's **Client Services Department** provides extensive post-graduate support. It is committed to assisting each student during the team's working life, including follow-up training, boarding, and veterinary care.

The Organization has an extensive dedicated community of on-campus volunteers who provide added care to the dogs onsite and assist with daily tasks.

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 ("U.S. GAAP"). 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.
d/b/a GUIDE DOGS OF AMERICA
(a California Nonprofit Corporation)
Notes to the Financial Statements
Years Ended June 30, 2024 and 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Pronouncements Adopted in the Current Year

In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which amends the accounting guidance on the impairment of financial instruments. The ASU adds an impairment model to the U.S. GAAP known as current expected loss (“CECL”), which is based upon expected losses rather than incurred losses. Under this guidance, an entity recognizes as an allowance its estimate of expected credit losses, which FASB believes will result in more timely recognition of such losses. The ASU is effective for annual periods beginning after December 15, 2022, for non-for-profit entities, with early adoption permissible. The Organization adopted this guidance effective July 1, 2023 with no material impact to the financial statements.

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 Statements 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 Statements 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, 2023 and 2024, as stated below.

Gift Shop Sales: The Organization has an 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, 2024 and 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exchange Transactions (Continued)

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 Statements 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 U.S. GAAP where the inherent contribution is conditioned on the event taking place and is, therefore, treated as a refundable advance along with the exchange component.

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 \$10,000 and the useful life is greater than one year.

The estimated useful lives are as follows:

Buildings	39 years
Building improvements	5 – 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.

INTERNATIONAL GUIDING EYES, INC.
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(a California Nonprofit Corporation)
Notes to the Financial Statements
Years Ended June 30, 2024 and 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2024 and 2023.

Some services for the years ended June 30, 2024 and 2023, amounting to \$405,669 and \$260,000, respectively, 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 and benefits paid by IAM. In both years, the services were utilized for program, fundraising, and administrative and general purposes.

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 Statements of Activities. The Statements of Functional Expenses present 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.

INTERNATIONAL GUIDING EYES, INC.
d/b/a GUIDE DOGS OF AMERICA
(a California Nonprofit Corporation)
Notes to the Financial Statements
Years Ended June 30, 2024 and 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021 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, 2020 and subsequent remain subject to examination by the California Franchise Tax Board.

Investments

Investments are reported at fair value on the Statements 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.

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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Performance obligations satisfied over time:		
Special events - exchange component	\$ <u>500,878</u>	\$ <u>497,130</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 invests cash in excess of daily requirements in a savings account and short-term investments.

INTERNATIONAL GUIDING EYES, INC.
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NOTE 3: LIQUIDTY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

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, 2024.

Cash	\$ 5,397,213
Investments	60,330,367
Bequests receivable	418,251
Contributions receivable	158,472
	<u>66,304,303</u>
Less financial assets with donor restrictions	<u>398,326</u>
Total financial assets to meet cash needs for general expenditures within one year	<u><u>\$ 65,905,977</u></u>

The Organization's board designated Endowment Fund of \$38,232,523 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).

NOTE 4: FIXED ASSETS

Fixed assets as of June 30, 2024 and 2023 was comprised of:

	2024	2023
Buildings	\$ 14,889,998	\$ 14,889,998
Building improvements	3,054,293	2,961,103
Computers and equipment	493,665	391,372
Automobiles	329,876	329,876
Furniture and fixtures	179,197	179,197
Total depreciable costs	<u>18,947,029</u>	<u>18,751,546</u>
Less accumulated depreciation	<u>(7,070,217)</u>	<u>(6,503,183)</u>
	11,876,812	12,248,363
Construction in progress	3,000	10,000
Land	<u>603,704</u>	<u>603,704</u>
Fixed assets, net	<u><u>\$ 12,483,516</u></u>	<u><u>\$ 12,862,067</u></u>

Depreciation for the years ended June 30, 2024 and 2023 was \$567,034 and \$601,262, respectively.

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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, 2024, uninsured cash was approximately \$4,577,000. 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, 2024, and 2023, the Organization's cash and cash equivalents included the following:

	2024	2023
General operating / investing	\$ 4,050,924	\$ 3,578,317
Board designated endowment (Note 7)	1,346,289	955,803
	<u>\$ 5,397,213</u>	<u>\$ 4,534,120</u>

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.

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NOTE 6: INVESTMENT SECURITIES / FAIR VALUE (Continued)

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.

Exchange traded funds: 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.

U.S. Treasury Notes: Notes issued by the U.S. Treasury. The fair values of U.S. Treasury Notes are based on quoted market prices in active markets, and are included in the Level 1 fair value hierarchy. We believe the market for U.S. Treasury Notes is an actively traded market given the high level of daily trading volume.

The following is a summary of investments at market value:

As of June 30, 2024				
Fair Value Using				
<u>Investment</u>	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 30,418,178	\$ -	\$ -	\$ 30,418,178
Exchange traded funds	25,715,654	-	-	25,715,654
U.S. Treasury Notes	4,196,535	-	-	4,196,535
	<u>\$ 60,330,367</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,330,367</u>
As of June 30, 2023				
Fair Value Using				
<u>Investment</u>	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 28,203,586	\$ -	\$ -	\$ 28,203,586
Exchange traded funds	18,499,889	-	-	18,499,889
U.S. Treasury Notes	1,229,375	-	-	1,229,375
	<u>\$ 47,932,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,932,850</u>

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NOTE 6: INVESTMENT SECURITIES / FAIR VALUE (Continued)

As of June 30, 2024, the Organization's investments include \$36,886,234, which is part of the board designated Endowment Fund (See Note 7).

Investments, general	\$ 23,444,133
Investments, board designated endowment	36,886,234
	<u>\$ 60,330,367</u>

As of June 30, 2023, the Organization's investments include \$28,229,145, which is part of the board designated Endowment Fund.

Investments, general	\$ 19,703,705
Investments, board designated endowment	28,229,145
	<u>\$ 47,932,850</u>

Investment income for the years ended June 30, 2024 and 2023 consisted of:

	2024	2023
Unrealized gains	\$ 5,901,848	\$ 3,642,320
Dividends and interest	1,739,317	1,322,386
Realized loss, net	(921,585)	(299,820)
Oil rights income, net of depletion	60,830	111,633
Management and broker expenses	(126,343)	(110,312)
Investment income, net	<u>\$ 6,654,067</u>	<u>\$ 4,666,207</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.

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NOTE 7: BOARD DESIGNATED ENDOWMENT (Continued)

The following table presents the activity of the Endowment Fund for the years ended June 30, 2024 and 2023:

	2024	2023
Endowment net assets, beginning of year	\$ 29,184,948	\$ 26,122,577
Investment return, net	4,147,575	3,062,371
Appropriation from general unrestricted funds	4,900,000	-
Endowment net assets, end of year	<u>\$ 38,232,523</u>	<u>\$ 29,184,948</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 twelve 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.

NOTE 8: CONDITIONAL CONTRIBUTIONS

The Organization received cash advances on conditional contributions. As of June 30, 2024, and 2023, the Organization's conditional contributions included the following:

	2024	2023
Deferred special event income	<u>\$ 216,408</u>	<u>\$ 105,271</u>

NOTE 9: 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, 2024		
	Revenue	Expenses	Net revenue
Annual fundraiser	\$ 723,101	\$ 471,402	\$ 251,699
Other fundraising activities	72,913	29,476	43,437
Total special event income, net	<u>\$ 796,014</u>	<u>\$ 500,878</u>	<u>\$ 295,136</u>

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NOTE 9: SPECIAL EVENTS (Continued)

	Year Ended June 30, 2023		
	Revenue	Expenses	Net revenue
Annual fundraiser	\$ 715,000	\$ 482,517	\$ 232,483
Other fundraising activities	75,838	14,613	61,225
Total special event income, net	<u>\$ 790,838</u>	<u>\$ 497,130</u>	<u>\$ 293,708</u>

NOTE 10: 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, 2024 and 2023 were \$325,958 and \$333,215, respectively.

NOTE 11: CONCENTRATIONS

Workforce: The majority of the Organization's workforce are covered under a collective bargaining agreement with the Office & Professional Employees International Union - Local 30. This agreement, among other things, governs compensation, benefits, and worker's rights.

Major Contributors: During the year ended June 30, 2024, total contributions included contributions from donor 1 for \$4,000,000 which accounts for 31% of the Organization's total public support.

During the year ended June 30, 2023, total contributions included contributions from donor 1 for \$1,293,565 which accounts for 16% of the Organization's total public support.

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NOTE 12: SUBSEQUENT EVENTS

In September 2023, the Organization entered into a construction agreement to purchase and install a solar power system on the Sylmar, CA campus. The Organization entered into a loan agreement to finance the solar project in the amount of approximately \$700,000. The loan is for a 72-month period and carries an interest rate of 4.99%. Construction on this project began in October 2024 and loan payments will begin once the system is activated.

In July and August 2024, the Organization completed a \$211,300 roof repair project for the event shed, kennel, administration, and maintenance building.

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure in the financial statements through October 25, 2024, the date the financial statements were available to be issued.