

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust
d.b.a. Dogs Inc**

Combined Financial Statements,
Supplemental Information and
Independent Auditor's Report
June 30, 2024 and 2023

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Kerkering, Barberio & Co.
Certified Public Accountants

Independent Auditor's Report

The Board of Directors
Southeastern Guide Dogs, Inc. d.b.a. Dogs Inc and
Southeastern Guide Dogs, Inc. Endowment Trust
Palmetto, Florida

Opinion

We have audited the combined financial statements of Southeastern Guide Dogs, Inc. d.b.a. Dogs Inc (the School) and Southeastern Guide Dogs, Inc. Endowment Trust (the Trust), collectively referred to as the Organization, which comprise the combined statements of financial position as of June 30, 2024 and 2023, the related combined statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the combined financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

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 GAAS 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 GAAS, 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 the Organization'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 the Organization'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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has not been subjected to the auditing procedures applied in the audits of the financial statements. Accordingly, we do not express an opinion on the supplemental information referred to above.

Kerkuing Barbunio & Co.

Sarasota, Florida
November 15, 2024

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust
d.b.a. Dogs Inc**

Combined Statements of Financial Position
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash and cash equivalents:		
Without donor restrictions	\$ 8,143,006	\$ 7,933,346
With donor restrictions - purpose and time	1,048,874	463,243
With donor restrictions - perpetual in nature	176,602	120,373
Total cash and cash equivalents	<u>9,368,482</u>	<u>8,516,962</u>
Accrued interest receivable	523,938	335,184
Promises to give, net (Note 4)	895,379	1,594,129
Prepaid expenses and other assets	148,815	207,269
Merchandise inventory	33,687	44,107
Investments (Note 5):		
Restricted for gift annuity liability	21,680	42,819
Without donor restrictions	47,159,242	36,561,820
With donor restrictions - purpose and time	4,207,986	4,278,115
With donor restrictions - perpetual in nature	13,887,351	11,609,464
Total investments	<u>65,276,259</u>	<u>52,492,218</u>
Bequests and estates receivable	469,916	2,735,752
Charitable trusts receivable	271,407	241,994
Mortgage receivable	83,072	86,714
Property and equipment, net (Note 7)	28,961,828	29,252,594
Assets held for sale	<u>800,000</u>	<u>-</u>
 Total Assets	 <u>\$ 106,832,783</u>	 <u>\$ 95,506,923</u>
 Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,644,221	\$ 1,475,158
Gift annuity liability	21,680	42,819
Note payable (Note 9)	1,510,776	2,510,776
Total liabilities	<u>3,176,677</u>	<u>4,028,753</u>
 Net Assets:		
Without donor restrictions:		
Undesignated	47,660,693	35,666,231
Investment in property and equipment	28,961,828	29,252,594
Total net assets without donor restrictions	<u>76,622,521</u>	<u>64,918,825</u>
With donor restrictions:		
Purpose and time restrictions	13,227,914	12,998,692
Perpetual in nature	13,805,671	13,560,653
Total net assets with donor restrictions (Note 11)	<u>27,033,585</u>	<u>26,559,345</u>
 Total net assets	 <u>103,656,106</u>	 <u>91,478,170</u>
 Total Liabilities and Net Assets	 <u>\$ 106,832,783</u>	 <u>\$ 95,506,923</u>

See accompanying notes to combined financial statements.

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust
d.b.a. Dogs Inc**

Combined Statement of Activities
Year Ended June 30, 2024
(With Summarized Totals for 2023)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2023 Total</u>
Support and Revenue:				
Individuals	\$ 4,069,458	\$ 2,380,608	\$ 6,450,066	\$ 8,513,972
Bequests	13,692,625	154,216	13,846,841	9,137,925
Lions Club	77,236	19,954	97,190	71,731
Service clubs	16,947	312,944	329,891	369,580
CFC project	47,316	600	47,916	46,578
Foundations	1,406,189	2,422,063	3,828,252	4,169,399
Corporate donations	407,845	546,256	954,101	596,455
Contributed services and nonfinancial assets (Note 2)	21,114,915	-	21,114,915	24,105,115
Marketing revenue	25,278	-	25,278	40,275
Other revenue	197,495	-	197,495	238,315
Merchandise sales, net of cost of sales of \$54,067	9,468	-	9,468	17,100
Special events, net of direct costs of \$597,632	927,123	-	927,123	969,964
Gain (loss) on disposal of assets	1,000	-	1,000	(122,669)
Realized gain (loss) on investments, net	(242,082)	62,502	(179,580)	(1,198,683)
Unrealized gain on investments, net	1,038,613	339,653	1,378,266	1,881,976
Investment income, net of investment expenses	2,209,169	136,229	2,345,398	1,579,704
Total support and revenue	<u>44,998,595</u>	<u>6,375,025</u>	<u>51,373,620</u>	<u>50,416,737</u>
Net assets released from restrictions	<u>5,920,906</u>	<u>(5,920,906)</u>	<u>-</u>	<u>-</u>
Total support, revenue and releases	<u>50,919,501</u>	<u>454,119</u>	<u>51,373,620</u>	<u>50,416,737</u>
Functional Expenses:				
Program services	34,409,611	-	34,409,611	36,765,276
Supporting services:				
Management and general	1,415,810	-	1,415,810	1,230,264
Fundraising	3,425,033	-	3,425,033	3,377,291
Total functional expenses	<u>39,250,454</u>	<u>-</u>	<u>39,250,454</u>	<u>41,372,831</u>
Change in net assets before change in value of split interest agreements	<u>11,669,047</u>	<u>454,119</u>	<u>12,123,166</u>	<u>9,043,906</u>
Change in value of split interest agreements	<u>34,649</u>	<u>20,121</u>	<u>54,770</u>	<u>(71,876)</u>
Change in net assets	11,703,696	474,240	12,177,936	8,972,030
Net assets - beginning of year	<u>64,918,825</u>	<u>26,559,345</u>	<u>91,478,170</u>	<u>82,506,140</u>
Net assets - end of year	<u>\$ 76,622,521</u>	<u>\$ 27,033,585</u>	<u>\$ 103,656,106</u>	<u>\$ 91,478,170</u>

See accompanying notes to combined financial statements.

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust
d.b.a. Dogs Inc**

Combined Statement of Activities
Year Ended June 30, 2023
(With Summarized Totals for 2024)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2024 Total</u>
Support and Revenue:				
Individuals	\$ 4,554,350	\$ 3,959,622	\$ 8,513,972	\$ 6,450,066
Bequests	6,982,691	2,155,234	9,137,925	13,846,841
Lions Club	59,837	11,894	71,731	97,190
Service clubs	-	369,580	369,580	329,891
CFC project	46,328	250	46,578	47,916
Foundations	1,213,409	2,955,990	4,169,399	3,828,252
Corporate donations	122,839	473,616	596,455	954,101
Contributed services and nonfinancial assets (Note 2)	24,105,115	-	24,105,115	21,114,915
Marketing revenue	40,275	-	40,275	25,278
Other revenue	238,315	-	238,315	197,495
Merchandise sales, net of cost of sales of \$49,093	17,100	-	17,100	9,468
Special events, net of direct costs of \$432,150	969,964	-	969,964	927,123
Gain (loss) on disposal of assets	(122,669)	-	(122,669)	1,000
Realized gain (loss) on investments, net	(695,063)	(503,620)	(1,198,683)	(179,580)
Unrealized gain (loss) on investments, net	1,329,253	552,723	1,881,976	1,378,266
Investment income, net of investment expenses	1,482,886	96,818	1,579,704	2,345,398
Total support and revenue	<u>40,344,630</u>	<u>10,072,107</u>	<u>50,416,737</u>	<u>51,373,620</u>
Net assets released from restrictions	5,942,972	(5,942,972)	-	-
Total support, revenue and releases	<u>46,287,602</u>	<u>4,129,135</u>	<u>50,416,737</u>	<u>51,373,620</u>
Functional Expenses:				
Program services	36,765,276	-	36,765,276	34,409,611
Supporting services:				
Management and general	1,230,264	-	1,230,264	1,415,810
Fundraising	3,377,291	-	3,377,291	3,425,033
Total functional expenses	<u>41,372,831</u>	<u>-</u>	<u>41,372,831</u>	<u>39,250,454</u>
Change in net assets before change in value of split interest agreements	<u>4,914,771</u>	<u>4,129,135</u>	<u>9,043,906</u>	<u>12,123,166</u>
Change in value of split interest agreements	<u>10,803</u>	<u>(82,679)</u>	<u>(71,876)</u>	<u>54,770</u>
Change in net assets	4,925,574	4,046,456	8,972,030	12,177,936
Net assets - beginning of year	59,993,251	22,512,889	82,506,140	91,478,170
Net assets - end of year	<u>\$ 64,918,825</u>	<u>\$ 26,559,345</u>	<u>\$ 91,478,170</u>	<u>\$ 103,656,106</u>

See accompanying notes to combined financial statements.

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust
d.b.a. Dogs Inc**

Combined Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities:		
Change in net assets	\$ 12,177,936	\$ 8,972,030
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,403,188	1,302,442
Realized and unrealized gain on investments, net	(1,198,686)	(683,293)
Amortization of bond premium	320,673	471,418
Change in value of split interest agreements	(54,770)	71,876
(Gain) loss on disposal of assets	(1,000)	122,669
Contributions restricted for long-term investments	(355,266)	(3,127,275)
Donated investments	(690,074)	-
Donated property	(837,000)	-
Change in operating assets:		
Accrued interest receivable	(188,754)	(28,733)
Prepaid expenses and other assets	58,454	(100,156)
Merchandise inventory	10,420	(3,376)
Promises to give, non-capital	9,286	9,518
Bequests and estates receivable, non-endowed	265,836	(719,161)
Charitable trusts receivable	12,013	10,885
Change in operating liabilities:		
Accounts payable and accrued expenses	169,063	378,932
Gift annuity liability	(7,795)	(12,644)
Total adjustments	(1,084,412)	(2,306,898)
Net cash provided by operating activities	11,093,524	6,665,132
Cash Flows from Investing Activities:		
Payments received on mortgage receivable	3,642	4,198
Purchase of property and equipment	(1,075,422)	(3,971,076)
Proceeds from disposals of assets	1,000	-
Purchases of investments	(44,016,210)	(18,571,552)
Proceeds from sales of investments	32,800,256	17,689,579
Net cash used in investing activities	(12,286,734)	(4,848,851)
Cash Flows from Financing Activities:		
Proceeds from note payable	-	2,800,000
Principal payments on note payable	(1,000,000)	(289,224)
Contributions, net of change in promises to give, restricted for long-term investments	3,044,730	469,917
Net cash provided by financing activities	2,044,730	2,980,693
Change in cash and cash equivalents	851,520	4,796,974
Cash and cash equivalents - beginning of year	8,516,962	3,719,988
Cash and cash equivalents - end of year	\$ 9,368,482	\$ 8,516,962
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$ 129,281	\$ 39,617

See accompanying notes to combined financial statements.

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust
d.b.a. Dogs Inc**

Combined Statement of Functional Expenses

Year Ended June 30, 2024

(With Summarized Totals for 2023)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>2023 Total</u>
Salaries	\$ 7,470,318	\$ 627,845	\$ 1,458,953	\$ 9,557,116	\$ 9,134,824
Employee benefits	893,366	75,083	174,474	1,142,923	1,092,980
Payroll taxes	535,776	43,327	104,561	683,664	641,407
Total personnel expense	<u>8,899,460</u>	<u>746,255</u>	<u>1,737,988</u>	<u>11,383,703</u>	<u>10,869,211</u>
Advertising and promotions	1,600,357	1,746	-	1,602,103	1,331,688
In-kind advertising and promotions	18,962,512	-	1,000,311	19,962,823	23,666,360
Breeding cost, kennel supplies and veterinary services	1,154,993	378	-	1,155,371	975,443
General insurance	311,022	28,751	63,257	403,030	293,889
Maintenance and equipment	692,406	19,014	22,311	733,731	842,266
Occupancy	245,153	28,329	21,582	295,064	312,373
Office	78,202	20,021	12,962	111,185	119,777
Other	225,394	184,908	245,005	655,307	509,942
Printing	155,621	10,055	61,381	227,057	158,035
Professional fees and contracted services	424,877	72,671	174,654	672,202	335,692
Student meals and other	58,637	-	-	58,637	52,468
Supplies	168,348	15,748	20,394	204,490	167,009
Telephone	33,019	4,366	6,758	44,143	45,730
Travel	277,060	2,930	58,430	338,420	390,506
Total functional expenses before depreciation	<u>33,287,061</u>	<u>1,135,172</u>	<u>3,425,033</u>	<u>37,847,266</u>	<u>40,070,389</u>
Depreciation	<u>1,122,550</u>	<u>280,638</u>	<u>-</u>	<u>1,403,188</u>	<u>1,302,442</u>
Total functional expenses - 2024	<u>\$ 34,409,611</u>	<u>\$ 1,415,810</u>	<u>\$ 3,425,033</u>	<u>\$ 39,250,454</u>	<u>\$ 41,372,831</u>
Percent of Total - 2024	87.67%	3.61%	8.73%	100.00%	100.00%
Total functional expenses - 2023	<u>\$ 36,765,276</u>	<u>\$ 1,230,264</u>	<u>\$ 3,377,291</u>	<u>\$ 41,372,831</u>	
Percent of Total - 2023	88.86%	2.97%	8.16%	100.00%	

See accompanying notes to combined financial statements.

**Southeastern Guide Dogs, Inc and
Southeastern Guide Dogs, Inc. Endowment Trust
d.b.a. Dogs Inc**

Combined Statement of Functional Expenses
Year Ended June 30, 2023
(With Summarized Totals for 2024)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>2024 Total</u>
Salaries	\$ 7,168,886	\$ 523,927	\$ 1,442,011	\$ 9,134,824	\$ 9,557,116
Employee benefits	857,756	62,688	172,536	1,092,980	1,142,923
Payroll taxes	504,619	35,574	101,214	641,407	683,664
Total personnel expense	<u>8,531,261</u>	<u>622,189</u>	<u>1,715,761</u>	<u>10,869,211</u>	<u>11,383,703</u>
Advertising and promotions	1,324,552	7,136	-	1,331,688	1,602,103
In-kind advertising and promotions	22,483,042	-	1,183,318	23,666,360	19,962,823
Breeding cost, kennel supplies and veterinary services	975,431	12	-	975,443	1,155,371
General insurance	227,012	19,572	47,305	293,889	403,030
Maintenance and equipment	801,822	16,608	23,836	842,266	733,731
Occupancy	257,544	30,977	23,852	312,373	295,064
Office	84,438	20,387	14,952	119,777	111,185
Other	147,391	102,488	260,063	509,942	655,307
Printing	110,956	6,026	41,053	158,035	227,057
Professional fees and contracted services	184,757	124,775	26,160	335,692	672,202
Student meals and other	52,468	-	-	52,468	58,637
Supplies	144,900	14,041	8,068	167,009	204,490
Telephone	34,113	4,392	7,225	45,730	44,143
Travel	363,635	1,173	25,698	390,506	338,420
Total functional expenses before depreciation	<u>35,723,322</u>	<u>969,776</u>	<u>3,377,291</u>	<u>40,070,389</u>	<u>37,847,266</u>
Depreciation	<u>1,041,954</u>	<u>260,488</u>	<u>-</u>	<u>1,302,442</u>	<u>1,403,188</u>
Total functional expenses - 2023	<u>\$ 36,765,276</u>	<u>\$ 1,230,264</u>	<u>\$ 3,377,291</u>	<u>\$ 41,372,831</u>	<u>\$ 39,250,454</u>
Percent of Total - 2023	88.86%	2.97%	8.16%	100.00%	100.00%
Total functional expenses - 2024	<u>\$ 34,409,611</u>	<u>\$ 1,415,810</u>	<u>\$ 3,425,033</u>	<u>\$ 39,250,454</u>	
Percent of Total - 2024	87.67%	3.61%	8.73%	100.00%	

See accompanying notes to combined financial statements.

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust
d.b.a. Dogs Inc**

Notes to Combined Financial Statements
June 30, 2024 and 2023

I. Organization

Southeastern Guide Dogs d.b.a. Dogs Inc (the School) transforms lives by creating and nurturing extraordinary partnerships between people and dogs. The School operates the most advanced training facilities of any service dog organization in the world. The School's experts breed, raise, and train elite working dogs -including guide dogs, service dogs, and skilled companion dogs - and provide life-changing services for people with vision loss, veterans with disabilities, and children with significant challenges such as vision loss or the loss of a parent in the military. The School has successfully created thousands of guide dog and service dog teams throughout the United States since our inception in 1982, and currently oversees the well-being of over 1,300 puppies and dogs.

All of the School's services - which include state-of-the-art research on canine health and development; selective breeding; expert dog training; comprehensive on-campus student instruction; and the most robust alumni support program in North America – are provided at no cost to our clients. Donations sustain our mission and give freedom and hope to people who need it most. Southeastern Guide Dogs d.b.a. Dogs Inc has the distinction of being dually accredited by the two premier global accreditation bodies: the International Guide Dog Federation and Assistance Dogs International. Learn more at www.dogsinc.org.

While the School and its supporters recognize the puppies and dogs as one of the Organization's most valuable assets, from a financial reporting perspective, the puppies and dogs are not classified as assets, and therefore are not reflected in the combined financial statements.

The School is situated in a peaceful setting on a 66-acre campus on the gulf coast of Florida in beautiful Manatee County. The facilities consist of a Student Center, a Student Fitness Center, a Veterinary Center, a Puppy Academy, a Canine University, a Canine Assessment Center, and a Canine Fitness Center.

The School is governed by a strong and independent, geographically diverse Board of Directors, which meets quarterly and conducts its business through several committees and taskforces that meet regularly between board meetings.

In 1989, Southeastern Guide Dogs Inc. Endowment Trust (the Trust) was created as a supporting organization to operate exclusively for the charitable, educational, and scientific purposes of the School, including for such purposes of making distributions solely to the School.

2. Summary of Significant Accounting Policies

Principles of Combination

The combined financial statements include the accounts of Southeastern Guide Dogs, Inc. d.b.a. Dogs Inc (the School), and Southeastern Guide Dogs, Inc. Endowment Trust (the Trust), collectively referred to as the Organization. Southeastern Guide Dogs, Inc. d.b.a. Dogs Inc holds an economic interest in Southeastern Guide Dogs, Inc. Endowment Trust. All significant inter-company transactions and accounts have been eliminated in the accompanying combined financial statements.

Financial Statements

The combined financial statements and notes are a representation of the Organization's management, which is also responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the combined financial statements.

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust
d.b.a. Dogs Inc**

Notes to Combined Financial Statements (Continued)
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (Continued)

Use of Estimates and Assumptions

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the combined financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Basis of Presentation

The accompanying combined financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - net assets that are not subject to donor-imposed stipulations. Quasi-endowment funds and board designated funds, established by the Board of Directors, are classified as net assets without donor restrictions.

Net assets with donor restrictions - net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, these net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Other net assets are perpetual in nature. These net assets are subject to donor-imposed stipulations that the net assets be maintained in perpetuity by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investment for general or specific purposes.

Revenue Recognition

All contributions and bequests are considered available without donor restrictions unless specifically restricted by the respective donor or bequestor.

Contributions and bequests received with donor or bequestor stipulations that limit the use of donated assets are treated as net assets with donor restrictions. When the purpose of the restriction is accomplished, these net assets are reclassified to net assets without donor restrictions and reported in the combined statements of activities as net assets released from restrictions.

Contributions and bequests restricted for the purpose of acquiring or constructing long-lived assets are recorded as net assets with donor restrictions until the long-lived asset is acquired or constructed, at which time the net assets are released from the restriction and reclassified to net assets without donor restrictions.

Contributions restricted by the donor for endowment purposes are treated as net assets with donor restrictions. The principal of the contribution remains intact in perpetuity.

**Southeastern Guide Dogs, Inc. and
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Notes to Combined Financial Statements (Continued)
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

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 substantially met. The Organization does not have any conditional promises to give.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Organization recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Organization recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

Income Tax Status

The School and Trust have been recognized by the Internal Revenue Service as tax-exempt organizations described in Section 501(c)(3) of the Internal Revenue Code. Income earned in furtherance of the School's and Trust's tax-exempt purpose is exempt from federal and state income taxes. Therefore, no provision for income taxes has been provided for.

Under the Income Taxes Topic of the FASB Accounting Standards Codification, the School and Trust have reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes and determined that there are no uncertain tax positions that would have a material impact on the combined financial statements.

The Organization files income tax returns in the U.S. federal jurisdiction. The tax periods open to examination by the major taxing jurisdictions to which the Organization is subject to include fiscal years ended June 30, 2021 through June 30, 2024.

Cash and Cash Equivalents

For purposes of the combined statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions, if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions.

Merchandise Inventory

Inventory is recorded at the lower of cost or net realizable value and consists of merchandise for resale and dog harnesses. The cost is determined using the first-in first-out method of valuing inventory.

**Southeastern Guide Dogs, Inc. and
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Notes to Combined Financial Statements (Continued)
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (Continued)

Investments

Investments in debt securities and certain equity securities are reported at their fair values in the combined statements of financial position, which represents the value at the date of donation or cost on the date of purchase plus reinvested earnings and appreciation or depreciation. Investment income, net of investment expenses, and realized and unrealized gains and losses are included in the combined statements of activities. Investment income, net of investment expenses, and gains and losses restricted by a donor are reported as increases and decreases in net assets with donor restrictions as required by the Trust Indenture governing contributions to the School which are restricted in perpetuity. Investment income, net of investment expenses, is recognized as revenue in the period it is earned, and gains and losses are recognized as changes in net assets in the accounting period they occur. Investments are comprised of equities, fixed income bonds, real estate investment trusts (REITS) and commodities.

Split-Interest Agreements

The Organization has been named remainderman in several irrevocable charitable remainder trusts and gift annuities. The Organization's beneficial interest in the trusts' assets is measured at the present value of the estimated future distributions expected to be received. The discount rate utilized to measure the present value of future distributions is based upon the stated rate of return, ranging from five and eight-tenths percent (5.8%) to seven and four-tenths percent (7.4%) of the fair value of the trusts' investments, to be received by the designated beneficiaries over the term of the trusts.

Bequests and Estates Receivable

The Organization has been named beneficiary in a number of bequests. Bequests that have not been recorded in the accompanying combined financial statements are those where the donors' wills have not been declared valid by the probate court or the value of the amounts to be received are not yet determinable. All other bequests are reflected as bequests receivable in the accompanying combined financial statements.

Property and Equipment

Property and equipment are recorded at cost or at estimated fair value at the date of gift. Property and equipment exceeding \$3,000 and a useful life of one year or longer are capitalized. Depreciation is calculated using the straight-line method over the estimated lives of the assets ranging from three to thirty-nine years. Other expenditures for maintenance and repairs are charged to operations in the year the costs are incurred.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When assets are impaired, asset values are reduced for this impairment. There was no impairment recognized on property and equipment for the years ended June 30, 2024 and 2023.

**Southeastern Guide Dogs, Inc. and
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Notes to Combined Financial Statements (Continued)
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing the program and supporting services have been summarized on a functional basis in the combined statements of activities and in the combined statements of functional expenses. Costs are allocated between fundraising, management, and general or program services based on evaluations of the related benefits. Management and general expenses include expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Organization. The expenses that are allocated include salaries, employee benefits, payroll taxes, and other expenses for services which are allocated on the basis of estimated time and effort and depreciation which is allocated based on estimated square footage of space used.

Financial Instruments Not Measured at Fair Value

Certain of the Organization's financial instruments are not measured at fair value on a recurring basis but nevertheless certain financial instruments are recorded at amounts that approximate fair value due to their liquid or short-term nature. Such financial assets and financial liabilities include cash and cash equivalents, accrued interest receivable, prepaid expenses and other assets, and accounts payable and accrued expenses.

Advertising and Promotions

Advertising costs are expensed as incurred. For the years ended June 30, 2024 and 2023, "advertising expense" includes \$19,962,823 and \$23,666,360 of contributed services which consist of advertising and promotional services for special events and program support. Total advertising expense was \$21,564,926 and \$24,998,048 for the years ended June 30, 2024 and 2023, respectively.

Contributed Services and Nonfinancial Assets

Contributed services and nonfinancial assets are recognized at their estimated fair value when they create or enhance nonfinancial assets, they require specialized skills that would need to be purchased if they were not donated, or they are nonfinancial assets (such as advertising to the public communicating the Organization's mission) which are directed by the Organization for the Organization's benefit and have been provided at no cost. Unless otherwise noted, contributed services and nonfinancial assets did not have donor-imposed restrictions.

Contributed services and nonfinancial assets, reported in the accompanying combined financial statements, are comprised of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Advertising	\$ 19,962,823	\$ 23,666,360
Veterinary services	98,218	69,910
Supplies and other office items	216,874	368,845
Donated property	837,000	-
Total contributed services and nonfinancial assets:	<u>\$ 21,114,915</u>	<u>\$ 24,105,115</u>

**Southeastern Guide Dogs, Inc. and
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Notes to Combined Financial Statements (Continued)
June 30, 2024 and 2023

**2. Summary of Significant Accounting Policies (Continued)
Contributed Services and Nonfinancial Assets (Continued)**

The Organization utilizes the services of an outside advertising agency that specializes in the broadcasting of public service announcements (PSAs) that promote the mission of the Organization. The advertising agency leverages their network to fill unsold advertising time slots with the Organization's PSA, at no cost to the Organization. The PSAs are broadcast across national, regional, and local television networks at various times. The advertising agency provides a statement to the Organization each month detailing the television networks utilized, which region the PSAs were broadcast to, the number of airings, the number of audience impressions, and the associated media value of the PSA based on these statistics. The monthly indicated media value is then recorded as contributed services and nonfinancial assets, within the advertising category. As of June 30, 2024 and 2023, the PSA advertising contributed services and nonfinancial assets revenue totaled \$19,880,707 and \$22,838,129, respectively. The remaining advertising contributed services and nonfinancial assets revenue is from various advertising sources and is recorded at market value, based on each advertising source's rates.

The Organization recognizes contributed services and nonfinancial assets revenue for veterinary services provided by individuals with the necessary specialized skillset. When some veterinary services are provided to the Organization, they are discounted by a percentage of what the regular services would cost if charged to a different customer, which is broken out on the invoice provided to the Organization. The discount amount is then recorded as contributed services and nonfinancial assets revenue.

The Organization recognizes contributed services and nonfinancial assets revenue for supplies and other office items when volunteers purchase the necessary supplies to raise the Organization's puppies. The Organization calculates the contributed services and nonfinancial assets revenue to be booked by identifying the number of puppies raised by volunteers each period multiplied by the fair value of the necessary supplies to raise the puppies. As of June 30, 2024 and 2023, this totaled \$206,201 and \$361,921, respectively. The remaining supplies and other office items contributed services and nonfinancial assets revenue is from various office items that are contributed to the Organization and are recorded at market value.

During the year ended June 30, 2024, the Organization received a legacy donation that included a condominium and a vehicle. The vehicle was immediately sold and valued based on the actual cash proceeds from the sale. The condominium was valued based on recent comparable sales prices and included in assets held for sale on the accompanying combined statements of financial position. The condominium sold subsequent to year end at a value that approximated the amount recognized.

Additionally, many volunteers contributed numerous hours of general, program and fundraising services to the School. These hours do not meet the requirements to be recorded as revenue and expenses under accounting principles generally accepted in the United States of America.

**Southeastern Guide Dogs, Inc. and
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Notes to Combined Financial Statements (Continued)
June 30, 2024 and 2023

3. Liquidity and Availability

Financial assets available for general expenditure within one year of the combined statements of financial position date, comprise the following:

	2024	2023
Cash and cash equivalents without donor restrictions	\$ 8,143,006	\$ 7,933,346
Promises to give, net - current portion	264,185	89,195
Investments without donor restrictions	47,159,242	36,561,820
Total financial assets available within one year	55,566,433	44,584,361
Less: Amounts unavailable for general expenditure due to:		
Promises to give, net, restricted for purpose and time	(264,185)	(89,195)
Total unavailable for general expenditure	(264,185)	(89,195)
Total financial assets available to management for general expenditure within one year	\$ 55,302,248	\$ 44,495,166

The Organization manages its liquid assets in accordance with regular budgeting processes developed through the coordinated efforts of management and the Board of Directors. Monthly reporting by management to those charged with governance ensures the results from operating activities are monitored closely.

The Organization also has funds available of up to \$5,000,000 on the unused line of credit. See note 8 for more information.

4. Promises to Give

Promises to give consist of the following as of June 30:

	2024	2023
Promises to give	\$ 1,023,471	\$ 1,772,488
Less: discount to net present value (rates from .25% - 3.9%)	(128,092)	(178,359)
Promises to give, net	895,379	1,594,129
Less: current portion	(264,185)	(89,195)
Amount collectible in 1-5 years	\$ 631,194	\$ 1,504,934

Promises to give are discounted to net present value at the time of recognition using reasonable rates that align with the term of each promise.

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Notes to Combined Financial Statements (Continued)
June 30, 2024 and 2023

5. Investments

Investments are presented in the combined financial statements at fair value. Unrealized gains and losses are reflected in the combined statements of activities in the accompanying combined financial statements.

Following is a summary of investments at June 30, 2024:

	<u>Cost</u>	<u>Fair Value</u>	<u>Accumulated Unrealized Gains (Losses)</u>
Equities	\$ 5,656,176	\$ 7,131,806	\$ 1,475,630
Fixed income	59,545,934	56,761,720	(2,784,214)
REITS	654,505	749,554	95,049
Commodities	614,865	633,179	18,314
Total investments	<u>\$ 66,471,480</u>	<u>\$ 65,276,259</u>	<u>\$ (1,195,221)</u>

For the year ended June 30, 2024, the Organization had realized and unrealized gains (losses) on investments of \$(179,580) and \$1,378,266 respectively, and incurred investment broker fees of \$207,767, which are presented net against investment income on the combined statement of activities.

Following is a summary of investments at June 30, 2023:

	<u>Cost</u>	<u>Fair Value</u>	<u>Accumulated Unrealized Gains (Losses)</u>
Equities	\$ 5,313,906	\$ 6,168,239	\$ 854,333
Fixed income	48,677,614	45,158,287	(3,519,327)
REITS	654,505	766,227	111,722
Commodities	419,680	399,465	(20,215)
Total investments	<u>\$ 55,065,705</u>	<u>\$ 52,492,218</u>	<u>\$ (2,573,487)</u>

For the year ended June 30, 2023, the Organization had realized and unrealized gains (losses) on investments of \$(1,198,683) and \$1,881,976 respectively, and incurred investment broker fees of \$198,976, which are presented net against investment income on the combined statement of activities.

6. Fair Value of Financial Assets and Liabilities

The Organization values certain assets in accordance with the *Fair Value Measurements and Disclosures* Topic of the FASB Accounting Standards Codification. The *Fair Value Measurements and Disclosures* Topic provides enhanced guidance for using fair value to measure assets and liabilities and clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the assets or liabilities and establishes a hierarchy that prioritizes the information used to develop those assumptions. The *Fair Value Measurements and Disclosure* Topic requires the Organization to present fair value measurements separately for each class of assets and liabilities as of June 30, 2024 and 2023.

**Southeastern Guide Dogs, Inc. and
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Notes to Combined Financial Statements (Continued)
June 30, 2024 and 2023

6. Fair Value of Financial Assets and Liabilities (Continued)

The following tables present information about the Organization's classes of assets and liabilities that are measured at fair value on a recurring and non-recurring basis as of June 30, 2024 and 2023, and indicates the fair value hierarchy of the valuation techniques used to determine such fair value. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities, such as publicly traded equity securities.

Level 2 - inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs other than quotes prices (interest rates, yield curves, etc.), or inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. The inputs reflect the Organization's assumptions based on the best information available in the circumstance.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level of a financial instrument within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The following methods and assumptions were used by the Organization in estimating the fair value of its Level 2 and 3 financial instruments:

Fixed Income - The fair value is determined using a market approach which uses direct and indirect observable information including quoted prices for similar assets and interest rate information (Level 2).

Charitable trusts receivable - The fair value of these assets are estimated by discounting future cash flows and management's best estimate of collectability (Level 2).

Gift annuity liability - The fair value of these liabilities are estimated by discounting future cash flows using actuarial rates from mortality tables (Level 3).

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Notes to Combined Financial Statements (Continued)
June 30, 2024 and 2023

6. Fair Value of Financial Assets and Liabilities (Continued)

The following table presents information about the Organization's assets and liabilities measured at fair value on a recurring and non-recurring basis as of June 30, 2024 and indicates the fair value hierarchy of the valuation techniques used to determine fair value.

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities:				
U.S. large cap	\$ 3,579,009	\$ 3,579,009	\$ -	\$ -
U.S. mid cap	1,144,811	1,144,811	-	-
U.S. small cap	353,224	353,224	-	-
Developed markets	1,888,114	1,888,114	-	-
Emerging markets	166,647	166,647	-	-
Total equities	<u>7,131,805</u>	<u>7,131,805</u>	<u>-</u>	<u>-</u>
Fixed Income:				
Investment grade taxable	19,169,442	-	19,169,442	-
Government securities	4,227,984	-	4,227,984	-
Developed markets	2,758,145	-	2,758,145	-
Municipal bonds	24,684,891	-	24,684,891	-
High yield	5,904,972	-	5,904,972	-
International	16,287	-	16,287	-
Total fixed income	<u>56,761,721</u>	<u>-</u>	<u>56,761,721</u>	<u>-</u>
REITS	749,554	749,554	-	-
Commodities	633,179	633,179	-	-
Total investments	<u>65,276,259</u>	<u>8,514,538</u>	<u>56,761,721</u>	<u>-</u>
Charitable trusts receivable	271,407	-	271,407	-
Total assets at fair value	<u>\$ 65,547,666</u>	<u>\$ 8,514,538</u>	<u>\$ 57,033,128</u>	<u>\$ -</u>
Gift annuity liability	<u>\$ 21,680</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,680</u>

The following is a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the year ended June 30, 2024:

	<u>Gift Annuity Liability</u>
Beginning balance	\$ 42,819
Change in value of split interest agreements	(13,344)
Annuity payments	(7,795)
Ending balance	<u>\$ 21,680</u>

**Southeastern Guide Dogs, Inc. and
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Notes to Combined Financial Statements (Continued)
June 30, 2024 and 2023

6. Fair Value of Financial Assets and Liabilities (Continued)

The following table presents information about the Organization's assets and liabilities measured at fair value on a recurring and non-recurring basis as of June 30, 2023 and indicates the fair value hierarchy of the valuation techniques used to determine fair value.

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities:				
U.S. large cap	\$ 3,143,430	\$ 3,143,430	\$ -	\$ -
U.S. mid cap	716,258	716,258	-	-
U.S. small cap	388,648	388,648	-	-
Developed markets	1,826,868	1,826,868	-	-
Emerging markets	40,157	40,157	-	-
International	52,878	52,878	-	-
Total equities	<u>6,168,239</u>	<u>6,168,239</u>	<u>-</u>	<u>-</u>
Fixed Income:				
Investment grade taxable	12,313,065	-	12,313,065	-
Government securities	3,602,659	-	3,602,659	-
Developed markets	1,535,292	-	1,535,292	-
Municipal bonds	22,194,855	-	22,194,855	-
High yield	5,497,131	-	5,497,131	-
International	15,285	-	15,285	-
Total fixed income	<u>45,158,287</u>	<u>-</u>	<u>45,158,287</u>	<u>-</u>
REITS	766,227	766,227	-	-
Commodities	399,465	399,465	-	-
Total investments	52,492,218	7,333,931	45,158,287	-
Charitable trusts receivable	241,994	-	241,994	-
Total assets at fair value	<u>\$ 52,734,212</u>	<u>\$ 7,333,931</u>	<u>\$ 45,400,281</u>	<u>\$ -</u>
Gift annuity liability	<u>\$ 42,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,819</u>

The following is a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the year ended June 30, 2023:

	Gift Annuity Liability
Beginning balance	\$ 61,557
Change in value of split interest agreements	8,848
Annuity payments	(12,645)
Matured annuity	(14,941)
Ending balance	<u>\$ 42,819</u>

**Southeastern Guide Dogs, Inc. and
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Notes to Combined Financial Statements (Continued)
June 30, 2024 and 2023

7. Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Land	\$ 3,821,467	\$ 3,697,421
Buildings	30,783,347	30,233,614
Furniture and equipment	3,222,754	2,979,337
Transportation equipment	1,201,098	1,185,973
Freedom Walk	683,902	683,902
Construction in progress	122,434	-
	<u>39,835,002</u>	<u>38,780,247</u>
Less accumulated depreciation	10,873,174	9,527,653
Property and equipment, net	<u>\$ 28,961,828</u>	<u>\$ 29,252,594</u>

Depreciation expense for the years ended June 30, 2024 and 2023 totaled \$1,403,188 and \$1,302,442, respectively.

8. Credit Line Agreement

On May 31, 2017, the School entered into a credit line agreement with a financial institution. The line of credit has no set maturity date and is secured by the investments held at the financial institution. The maximum available credit is based, in part, on the value of the securities pledged as collateral for the credit line. As of June 30, 2024, the maximum principal amount available for borrowings was approximately \$5,000,000. The line of credit bears interest at a variable interest rate comprised of the compounded 30-day average of the Secured Overnight Financing Rate (SOFR), plus a fixed spread adjustment of 0.11%, plus a specified percentage spread, ranging between two percent (2.00%) and five and one half percent (5.50%), depending on the aggregate approved amount. There were no borrowings on the credit line for the years ended June 30, 2024 and 2023.

9. Note Payable

On April 23, 2023, the School entered into a promissory note agreement with a donor for \$2,800,000 to finance the purchase of vacant land adjacent to their primary location. The note is collateralized by property held by the School and includes monthly interest only payments until maturity, on March 23, 2038, at which point the entire outstanding principal balance becomes due. The note bears interest at 6% and contains no penalty for the prepayment of principal. The balance outstanding on this note totaled \$1,510,776 and \$2,510,776 as of June 30, 2024 and 2023, respectively.

10. Retirement and Deferred Compensation Plan

Retirement Plan

The School provides a tax deferred annuity retirement plan for full-time eligible employees. The School's contributions to the plan were \$223,179 and \$220,485 for the years ended June 30, 2024 and 2023, respectively.

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Notes to Combined Financial Statements (Continued)
June 30, 2024 and 2023

10. Retirement and Deferred Compensation Plan (Continued)

Deferred Compensation Plan

During 2015, the Organization adopted a Deferred Compensation Agreement for the CEO under Internal Revenue Code 457(f). The Organization maintains a bookkeeping account for the assets held in reserve under the deferred compensation plan. The bookkeeping account consists of book entries only and does not constitute a separate cash fund or other assets held in trust for or as security for the Organization's obligation to pay the amount of the account. The deferred compensation plan totaled \$328,524 and \$302,291 as of June 30, 2024 and 2023, respectively, and is included in cash and accrued expenses together with an amount representing investment earnings on the unpaid balance. The employee will have no rights nor will be paid until five years following each contribution date, provided the employee has been employed by the Organization continuously until that time. During the years ended June 30, 2024 and 2023, the Organization contributed \$65,600 and \$62,466, respectively. During the years ended June 30, 2024 and 2023, the Organization made distributions from plan assets in the amounts of \$53,002 and \$50,111, respectively.

Per IRS rules and regulations, the deferred compensation is reported in Form 990 twice: initially when accrued and also when paid.

11. Net Asset Classifications

The Organization's net assets have been classified into the following categories as of June 30:

	2024	2023
Subject to expenditure for specified purpose		
Guide Dog Instruction	\$ 2,734,973	\$ 2,614,077
Veterans Program	6,127,343	5,783,776
Veterans Program - Service Dogs	127,000	197,835
Student Services Center	405,166	482,132
Online University	236,043	624,875
Alumni Support Program	822,960	888,897
Sustainability Fund	962,878	965,609
Veterans Courtyard	8,857	38,304
Student Bus and Metris Vans	-	384
Children & Teens Program	124,718	-
Nursery Renovation	13,000	13,000
Lakewood Ranch Property	1,354,883	1,119,843
Other	38,686	27,966
Total purpose restrictions	<u>12,956,507</u>	<u>12,756,698</u>
Subject to the passage of time		
Charitable Remainder Trusts	<u>271,407</u>	<u>241,994</u>
Total time restrictions	<u>271,407</u>	<u>241,994</u>
Total purpose and time restrictions	<u>13,227,914</u>	<u>12,998,692</u>

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Notes to Combined Financial Statements (Continued)
June 30, 2024 and 2023

11. Net Asset Classifications (Continued)

	<u>2024</u>	<u>2023</u>
Charitable gift annuities	52,101	50,045
Bequests and estates receivable	-	2,000,000
Endowments	<u>13,753,570</u>	<u>11,510,608</u>
Total perpetual in nature restrictions	<u>13,805,671</u>	<u>13,560,653</u>
Total net assets with donor restrictions	\$ <u>27,033,585</u>	\$ <u>26,559,345</u>

The primary purpose of the net assets held in perpetuity is to support the programs and services of the Organization and certain components of income are earmarked for purposes without restrictions.

12. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by other events specified by donors. Purposes for which restrictions were accomplished during the year ended June 30 include the following:

	<u>2024</u>	<u>2023</u>
Expiration of time restrictions - Charitable Remainder Trusts	\$ 12,015	\$ 10,886
Satisfaction of purpose restrictions		
Guide Dog Instruction	99,781	91,152
Veterans Program	3,221,945	2,517,831
Veterans Program - Veterans Service	237,425	177,555
Online University	402,145	286,749
Puppy Park Renovation	-	64,794
Lakewood Ranch Property	115,771	-
Student Services Center	76,966	21,242
Microsoft 365	-	25,000
Alumni Support Program	88,694	74,424
Canine University	-	40,000
Puppy Academy	-	20,000
Vacant Land	1,000,000	751,958
Children & Teens Program	561,169	775,939
Marketing	-	940,000
Other	<u>104,995</u>	<u>145,442</u>
Total net assets released from restrictions	\$ <u>5,920,906</u>	\$ <u>5,942,972</u>

13. Endowment

The Organization's endowment consists of funds established for a variety of purposes. Their endowments include donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust
d.b.a. Dogs Inc**

Notes to Combined Financial Statements (Continued)
June 30, 2024 and 2023

13. Endowment (Continued)

Interpretations of Relevant Law

When the Endowment Trust (Trust) was established in 1989, the Endowment Trustees approved a Trust Indenture, which describes how the Trust shall invest and preserve the value of donations received. The Trust classifies as net assets with donor restrictions that are perpetual in nature (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) accumulations of net assets with donor restrictions that are perpetual in nature resulting from interpretation of the Trust Indenture.

The Trust Indenture further limits the use of unrealized or realized gains associated with endowment assets. Under the terms of the Trust Agreement, the Trust classifies dividends and interest, net of associated fees, as net assets without restriction available for use on a periodic basis.

Effective July 1, 2012, the Organization adopted Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA). The adoption of FUPMIFA resulted in no changes to net assets with donor restrictions that are perpetual in nature as the Trust Indenture remains the primary guidance on how to administer and account for endowment assets. There were no changes to the Trust Indenture during the years ended June 30, 2024 and 2023.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level classified as net assets with donor restrictions that are perpetual in nature. These deficiencies result from unfavorable market fluctuations that occurred shortly after the investment of new contributions of net assets with donor restrictions that are perpetual in nature and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

Deficiencies of this nature existed in two donor-restricted endowment funds as of June 30, 2024 and June 30, 2023 as follows:

	<u>2024</u>	<u>2023</u>
Fair value	\$ 6,854,136	\$ 6,793,463
Original gift value	7,651,796	7,651,796
Deficiencies	\$ <u>(797,660)</u>	\$ <u>(858,333)</u>

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust
d.b.a. Dogs Inc**

Notes to Combined Financial Statements (Continued)
June 30, 2024 and 2023

13. Endowment (Continued)

Changes in Endowment Net Assets

Changes in endowment net assets for the year ended June 30, 2024 are as follows:

	With Donor Restrictions
Endowment net assets, July 1, 2023	\$ <u>13,560,653</u>
Endowment investment return:	
Investment loss, net of investment expenses	(19,843)
Realized and unrealized gain, net	<u>273,749</u>
Total endowment investment income	253,906
Contributions	4,455
Change in value of split-interest agreements	<u>(13,343)</u>
Total endowment activity	<u>(8,888)</u>
Endowment net assets, June 30, 2024	\$ <u><u>13,805,671</u></u>

Changes in endowment net assets for the year ended June 30, 2023 are as follows:

	With Donor Restrictions
Endowment net assets, July 1, 2022	\$ <u>11,632,347</u>
Endowment investment return:	
Investment loss, net of investment expenses	(47,840)
Realized and unrealized loss, net	<u>(26,576)</u>
Total endowment investment deficit	(74,416)
Contributions	2,007,432
Change in value of split-interest agreements	<u>(4,710)</u>
Total endowment activity	<u>2,002,722</u>
Endowment net assets, June 30, 2023	\$ <u><u>13,560,653</u></u>

Changes in endowment net assets for the years ended June 30, 2024 and 2023 are shown on the combining schedule of activities on pages 27 and 29 as part of the supplemental information to these combined financial statements.

Return Objectives and Risk Parameters

The Trust has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Trust must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce a long-term rate of return on assets of at least 6% while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust
d.b.a. Dogs Inc**

Notes to Combined Financial Statements (Continued)
June 30, 2024 and 2023

13. Endowment (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

In accordance with The Southeastern Guide Dogs, Inc. Endowment Trust Indenture and section 501(c)(3) of the Internal Revenue Code, net income earned by the Endowment Trust, after paying for necessary charges incurred by the funds, is paid to the School and is subject to withdrawal and use in accordance with resolutions adopted by the Board of Directors of the School. The spending policy established for the years ended June 30, 2024 and 2023 allows the Organization to spend up to all of the investment earnings each year for general support. Additionally, the Board of Directors has the right to invade principal of the endowment through a Board resolution for an amount not to exceed 10% of the principal balance as of the first day of the month in which the resolution was adopted. This right to invade principal may be exercised not more than once in any calendar year and has not been exercised since the Endowment Trust Fund was established in 1989.

14. Financial Instruments with Credit Risk and Economic Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist of cash, cash equivalents and investments. The Federal Deposit Insurance Corporation (FDIC) insures cash and other deposits up to \$250,000 at each financial institution. At any given time, the Organization may have cash balances exceeding the insured amount at any one financial institution. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

Investment securities are exposed to interest rate, market, credit and other risks depending on the nature of the specific investment. Accordingly, it is reasonably possible that these factors will result in changes in the value of the Organization's investments.

15. Related Party Transactions

Board members and members of management are required to complete annual conflict of interest disclosure statements. If a board member, officer or trustee has a conflict of interest or a perceived conflict of interest with the School, he or she is required to notify the board chair of such conflict in writing and cannot be present during board or committee discussions or decisions on the matter. Continuous monitoring of all board members and staff takes place as situations occur, with any possible or actual conflicts being addressed and resolved as needed.

16. Subsequent Events

Management has evaluated all events subsequent to the combined statement of financial position date of June 30, 2024, through the date these combined financial statements were available for issuance, November 15, 2024, and have determined that there are no subsequent events that require disclosure under the FASB Accounting Standards Codification.

Supplemental Information

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust
d.b.a. Dogs Inc**

Combining Schedule of Financial Position
June 30, 2024

	<u>Southeastern Guide Dogs, Inc.</u>	<u>Southeastern Guide Dogs, Inc. Endowment Trust</u>
Assets		
Cash and cash equivalents:		
Without donor restrictions	\$ 8,143,006	\$ -
With donor restrictions - purpose and time	1,048,874	-
With donor restrictions - perpetual in nature	55,686	120,916
Total cash and cash equivalents	<u>9,247,566</u>	<u>120,916</u>
Accrued interest receivable	492,368	31,570
Promises to give, net (Note 4)	895,379	-
Prepaid expenses and other assets	148,815	-
Merchandise inventory	33,687	-
Investments (Note 5):		
Restricted for gift annuity liability	11,269	10,411
Without donor restrictions	47,159,242	-
With donor restrictions - purpose and time	4,207,986	-
With donor restrictions - perpetual in nature	6,746,379	7,140,972
Total investments	<u>58,124,876</u>	<u>7,151,383</u>
Bequests and estates receivable	469,916	-
Charitable trusts receivable	271,407	-
Mortgage receivable	83,072	-
Property and equipment, net (Note 7)	28,961,828	-
Assets held for sale	800,000	-
Due from Southeastern Guide Dogs Endowment Trust, Inc.	<u>41,847</u>	<u>-</u>
Total Assets	\$ <u>99,570,761</u>	\$ <u>7,303,869</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,644,221	\$ -
Gift annuity liability	11,269	10,411
Note payable (Note 9)	1,510,776	-
Due to Southeastern Guide Dogs, Inc. d.b.a. Dogs Inc	-	41,847
Total liabilities	<u>3,166,266</u>	<u>52,258</u>
Net Assets:		
Without donor restrictions:		
Undesignated	47,660,693	-
Investment in property and equipment	28,961,828	-
Total net assets without donor restrictions	<u>76,622,521</u>	<u>-</u>
With donor restrictions:		
Purpose and time restrictions	13,227,914	-
Perpetual in nature	6,554,060	7,251,611
Total net assets with donor restrictions (Note 11)	<u>19,781,974</u>	<u>7,251,611</u>
Total net assets	<u>96,404,495</u>	<u>7,251,611</u>
Total Liabilities and Net Assets	\$ <u>99,570,761</u>	\$ <u>7,303,869</u>

<u>Eliminations</u>	<u>Total</u>
\$ -	\$ 8,143,006
-	1,048,874
-	176,602
<u>-</u>	<u>9,368,482</u>
-	523,938
-	895,379
-	148,815
-	33,687
-	21,680
-	47,159,242
-	4,207,986
-	13,887,351
<u>-</u>	<u>65,276,259</u>
-	469,916
-	271,407
-	83,072
-	28,961,828
-	800,000
<u>(41,847)</u>	<u>-</u>
\$ <u><u>(41,847)</u></u>	\$ <u><u>106,832,783</u></u>
\$ -	\$ 1,644,221
-	21,680
-	1,510,776
<u>(41,847)</u>	<u>-</u>
<u>(41,847)</u>	<u>3,176,677</u>
-	47,660,693
<u>-</u>	<u>28,961,828</u>
<u>-</u>	<u>76,622,521</u>
-	13,227,914
<u>-</u>	<u>13,805,671</u>
<u>-</u>	<u>27,033,585</u>
-	103,656,106
\$ <u><u>(41,847)</u></u>	\$ <u><u>106,832,783</u></u>

See Independent Auditor's Report.

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust
d.b.a. Dogs Inc**

Combining Schedule of Activities
Year Ended June 30, 2024

	Southeastern Guide Dogs, Inc.		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Individuals	\$ 4,069,458	\$ 2,377,108	\$ 6,446,566
Bequests	13,692,625	154,216	13,846,841
Lions Club	77,236	19,954	97,190
Service clubs	16,947	312,944	329,891
CFC project	47,316	600	47,916
Foundations	1,406,189	2,421,108	3,827,297
Corporate donations	407,845	546,256	954,101
Contributed services and nonfinancial assets (Note 2)	21,114,915	-	21,114,915
Marketing revenue	25,278	-	25,278
Other revenue	197,495	-	197,495
Merchandise sales, net of cost of sales of \$54,067	9,468	-	9,468
Special events, net of direct costs of \$597,632	927,123	-	927,123
Gain on disposal of assets	1,000	-	1,000
Realized gain (loss) on investments, net	(242,082)	(9,925)	(252,007)
Unrealized gain on investments, net	1,038,613	138,566	1,177,179
Investment income, net of investment expenses	1,982,317	120,529	2,102,846
Total support and revenue	<u>44,771,743</u>	<u>6,081,356</u>	<u>50,853,099</u>
Net asset released from restrictions	<u>5,920,906</u>	<u>(5,920,906)</u>	<u>-</u>
Total support, revenue and releases	<u>50,692,649</u>	<u>160,450</u>	<u>50,853,099</u>
Functional Expenses:			
Program services	34,409,611	-	34,409,611
Supporting services:			
Management and general	1,415,810	-	1,415,810
Fundraising	3,425,033	-	3,425,033
Total functional expenses	<u>39,250,454</u>	<u>-</u>	<u>39,250,454</u>
Change in net assets before change in value of split interest agreements	<u>11,442,195</u>	<u>160,450</u>	<u>11,602,645</u>
Change in value of split interest agreements	<u>34,649</u>	<u>33,464</u>	<u>68,113</u>
Change in net assets	11,476,844	193,914	11,670,758
Transfers in (out)	226,852	-	226,852
Net assets - beginning of year	<u>64,918,825</u>	<u>19,588,060</u>	<u>84,506,885</u>
Net assets - end of year	<u>\$ 76,622,521</u>	<u>\$ 19,781,974</u>	<u>\$ 96,404,495</u>

Southeastern Guide Dogs, Inc. Endowment Trust

<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Combined Total</u>
\$ -	\$ 3,500	\$ 3,500	\$ 6,450,066
-	-	-	13,846,841
-	-	-	97,190
-	-	-	329,891
-	-	-	47,916
-	955	955	3,828,252
-	-	-	954,101
-	-	-	21,114,915
-	-	-	25,278
-	-	-	197,495
-	-	-	9,468
-	-	-	927,123
-	-	-	1,000
-	72,427	72,427	(179,580)
-	201,087	201,087	1,378,266
226,852	15,700	242,552	2,345,398
<u>226,852</u>	<u>293,669</u>	<u>520,521</u>	<u>51,373,620</u>
-	-	-	-
<u>226,852</u>	<u>293,669</u>	<u>520,521</u>	<u>51,373,620</u>
-	-	-	34,409,611
-	-	-	1,415,810
-	-	-	3,425,033
<u>-</u>	<u>-</u>	<u>-</u>	<u>39,250,454</u>
226,852	293,669	520,521	12,123,166
-	(13,343)	(13,343)	54,770
226,852	280,326	507,178	12,177,936
(226,852)	-	(226,852)	-
-	6,971,285	6,971,285	91,478,170
<u>\$ -</u>	<u>\$ 7,251,611</u>	<u>\$ 7,251,611</u>	<u>\$ 103,656,106</u>

See Independent Auditor's Report.

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust
d.b.a. Dogs Inc**

Combining Schedule of Financial Position
June 30, 2023

	<u>Southeastern Guide Dogs, Inc.</u>	<u>Southeastern Guide Dogs, Inc. Endowment Trust</u>
Assets		
Cash and cash equivalents:		
Without donor restrictions	\$ 7,933,346	\$ -
With donor restrictions - purpose and time	463,243	-
With donor restrictions - perpetual in nature	50,141	70,232
Total cash and cash equivalents	<u>8,446,730</u>	<u>70,232</u>
Accrued interest receivable	321,602	13,582
Promises to give, net (Note 4)	1,594,129	-
Prepaid expenses and other assets	207,269	-
Merchandise inventory	44,107	-
Investments (Note 5):		
Restricted for gift annuity liability	25,457	17,362
Without donor restrictions	36,561,820	-
With donor restrictions - purpose and time	4,278,115	-
With donor restrictions - perpetual in nature	6,697,643	4,911,821
Total investments	<u>47,563,035</u>	<u>4,929,183</u>
Bequests and estates receivable	735,752	2,000,000
Charitable trusts receivable	241,994	-
Mortgage receivable	86,714	-
Property and equipment, net (Note 7)	29,252,594	-
Due from Southeastern Guide Dogs Endowment Trust, Inc.	<u>24,350</u>	<u>-</u>
Total Assets	\$ <u>88,518,276</u>	\$ <u>7,012,997</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,475,158	\$ -
Gift annuity liability	25,457	17,362
Note payable (Note 9)	2,510,776	-
Due to Southeastern Guide Dogs, Inc.	-	24,350
Total liabilities	<u>4,011,391</u>	<u>41,712</u>
Net Assets:		
Without donor restrictions:		
Undesignated	35,666,231	-
Investment in property and equipment	29,252,594	-
Total net assets without donor restrictions	<u>64,918,825</u>	<u>-</u>
With donor restrictions:		
Purpose and time restrictions	12,998,692	-
Perpetual in nature	6,589,368	6,971,285
Total net assets with donor restrictions (Note 11)	<u>19,588,060</u>	<u>6,971,285</u>
Total net assets	<u>84,506,885</u>	<u>6,971,285</u>
Total Liabilities and Net Assets	\$ <u>88,518,276</u>	\$ <u>7,012,997</u>

<u>Eliminations</u>	<u>Total</u>
\$ -	\$ 7,933,346
-	463,243
-	120,373
<u>-</u>	<u>8,516,962</u>
-	335,184
-	1,594,129
-	207,269
-	44,107
-	42,819
-	36,561,820
-	4,278,115
-	11,609,464
<u>-</u>	<u>52,492,218</u>
-	2,735,752
-	241,994
-	86,714
-	29,252,594
<u>(24,350)</u>	<u>-</u>
<u>\$ (24,350)</u>	<u>\$ 95,506,923</u>
\$ -	\$ 1,475,158
-	42,819
-	2,510,776
<u>(24,350)</u>	<u>-</u>
<u>(24,350)</u>	<u>4,028,753</u>
-	35,666,231
<u>-</u>	<u>29,252,594</u>
-	64,918,825
-	12,998,692
<u>-</u>	<u>13,560,653</u>
-	26,559,345
<u>-</u>	<u>91,478,170</u>
<u>\$ (24,350)</u>	<u>\$ 95,506,923</u>

See Independent Auditor's Report.

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust
d.b.a. Dogs Inc**

Combining Schedule of Activities
Year Ended June 30, 2023

	Southeastern Guide Dogs, Inc.		
	Without	With	Total
	Donor	Donor	
	Restrictions	Restrictions	
Support and Revenue:			
Individuals	\$ 4,554,350	\$ 3,953,560	\$ 8,507,910
Bequests	6,982,691	155,234	7,137,925
Lions Club	59,837	11,894	71,731
Service clubs	-	369,580	369,580
CFC project	46,328	250	46,578
Foundations	1,213,409	2,954,620	4,168,029
Corporate donations	122,839	473,616	596,455
Contributed services and nonfinancial assets (Note 2)	24,105,115	-	24,105,115
Marketing revenue	40,275	-	40,275
Other revenue	238,315	-	238,315
Merchandise sales, net of cost of sales of \$49,093	17,100	-	17,100
Special events, net of direct costs of \$432,150	969,964	-	969,964
Gain on disposal of assets	(122,669)	-	(122,669)
Realized gain (loss) on investments, net	(695,063)	(261,080)	(956,143)
Unrealized gain on investments, net	1,329,253	232,460	1,561,713
Investment income, net of investment expenses	1,323,980	87,076	1,411,056
Total support and revenue	<u>40,185,724</u>	<u>7,977,210</u>	<u>48,162,934</u>
Net asset released from restrictions	5,942,972	(5,942,972)	-
Total support, revenue and releases	<u>46,128,696</u>	<u>2,034,238</u>	<u>48,162,934</u>
Functional Expenses:			
Program services	36,765,276	-	36,765,276
Supporting services:			
Management and general	1,230,264	-	1,230,264
Fundraising	3,377,291	-	3,377,291
Total functional expenses	<u>41,372,831</u>	<u>-</u>	<u>41,372,831</u>
Change in net assets before change in value of split interest agreements	<u>4,755,865</u>	<u>2,034,238</u>	<u>6,790,103</u>
Change in value of split interest agreements	<u>10,803</u>	<u>(77,969)</u>	<u>(67,166)</u>
Change in net assets	4,766,668	1,956,269	6,722,937
Transfers in (out)	158,906	-	158,906
Net assets - beginning of year	59,993,251	17,631,791	77,625,042
Net assets - end of year	<u>\$ 64,918,825</u>	<u>\$ 19,588,060</u>	<u>\$ 84,506,885</u>

Southeastern Guide Dogs, Inc. Endowment Trust

	Without Donor Restrictions	With Donor Restrictions	Total	Combined Total
\$	-	\$ 6,062	\$ 6,062	\$ 8,513,972
	-	2,000,000	2,000,000	9,137,925
	-	-	-	71,731
	-	-	-	369,580
	-	-	-	46,578
	-	1,370	1,370	4,169,399
	-	-	-	596,455
	-	-	-	24,105,115
	-	-	-	40,275
	-	-	-	238,315
	-	-	-	17,100
	-	-	-	969,964
	-	-	-	(122,669)
	-	(242,540)	(242,540)	(1,198,683)
	-	320,263	320,263	1,881,976
	158,906	9,742	168,648	1,579,704
	<u>158,906</u>	<u>2,094,897</u>	<u>2,253,803</u>	<u>50,416,737</u>
	-	-	-	-
	<u>158,906</u>	<u>2,094,897</u>	<u>2,253,803</u>	<u>50,416,737</u>
	-	-	-	36,765,276
	-	-	-	1,230,264
	-	-	-	3,377,291
	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,372,831</u>
	158,906	2,094,897	2,253,803	9,043,906
	-	(4,710)	(4,710)	(71,876)
	158,906	2,090,187	2,249,093	8,972,030
	(158,906)	-	(158,906)	-
	-	4,881,098	4,881,098	82,506,140
\$	<u><u>-</u></u>	<u><u>\$ 6,971,285</u></u>	<u><u>\$ 6,971,285</u></u>	<u><u>\$ 91,478,170</u></u>

See Independent Auditor's Report.