

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust**

Combined Financial Statements,
Supplemental Information and
Independent Auditor's Report
June 30, 2017 and 2016

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Kerkering, Barberio & Co.
Certified Public Accountants

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying combined financial statements of Southeastern Guide 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, 2017 and 2016, and 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Southeastern Guide Dogs, Inc. and Southeastern Guide Dogs, Inc. Endowment Trust as of June 30, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has not been subjected to the auditing procedures applied in the audits of the combined financial statements. Accordingly, it is inappropriate to and we do not express an opinion on the supplemental information referred to above.

A handwritten signature in black ink that reads "Kerbering Barkins & C." The signature is written in a cursive, flowing style.

Sarasota, Florida
November 20, 2017

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust**
Combined Statements of Financial Position
June 30, 2017 and 2016

Assets	<u>2017</u>	<u>2016</u>
Cash and cash equivalents:		
Unrestricted	\$ 2,405,058	\$ 979,834
Restricted for temporarily restricted purposes	6,454,307	10,122,032
Restricted for permanently restricted purposes	338,813	118,040
Total cash and cash equivalents	<u>9,198,178</u>	<u>11,219,906</u>
Accrued interest receivable	8,300	6,325
Pledges receivable (Note 12)	2,228,666	4,249,400
Prepaid expenses and other assets	76,667	55,634
Merchandise inventory	33,158	33,355
Investments (Note 4):		
Restricted for gift annuity liability	86,584	99,385
Unrestricted	10,241,392	9,948,344
Temporarily restricted	2,231,036	2,488,165
Permanently restricted	3,331,728	3,310,143
Total investments	<u>15,890,740</u>	<u>15,846,037</u>
Bequests and estates receivable	142,171	61,056
Charitable trusts receivable	288,481	542,451
Assets held for sale (Note 11)	399,000	399,000
Property and equipment, net (Note 3)	<u>18,579,050</u>	<u>12,836,768</u>
 Total Assets	 <u>\$ 46,844,411</u>	 <u>\$ 45,249,932</u>
 Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 768,876	\$ 1,027,196
Gift annuity liability	86,584	99,385
Total liabilities	<u>855,460</u>	<u>1,126,581</u>
 Net Assets:		
Unrestricted - undesignated	4,631,099	4,051,031
Board designated funds for operating support	6,423,679	6,082,227
Investment in property and equipment	18,579,050	12,836,768
Total unrestricted	<u>29,633,828</u>	<u>22,970,026</u>
Temporarily restricted (Note 9)	12,673,129	17,690,057
Permanently restricted (Note 9)	3,681,994	3,463,268
Total net assets	<u>45,988,951</u>	<u>44,123,351</u>
 Total Liabilities and Net Assets	 <u>\$ 46,844,411</u>	 <u>\$ 45,249,932</u>

See accompanying notes to combined financial statements.

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust**

Combined Statement of Activities

Year Ended June 30, 2017

(With Summarized Totals for 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Support and Revenue:			
Individuals	\$ 2,671,908	\$ 765,846	\$ 21,000
Bequests	1,842,873	60,732	-
Lions Club	183,770	18,545	-
Service clubs	63,529	190,421	-
CFC project	83,072	2,372	1,146
Foundations	1,356,495	1,193,067	-
Corporate donations	238,815	552,241	6,500
Contributed services (Note 2)	8,828,841	-	-
Other revenue	204,556	-	-
Merchandise sales, net of cost of sales of \$29,911	19,683	-	-
Special events, net of direct costs of \$790,361	770,979	-	-
Loss on disposal of assets	(194,790)	-	-
Realized gain (loss) on investments, net	379,312	60,935	109,343
Unrealized gain (loss) on investments, net	(65,927)	72,562	76,738
Investment income	343,610	60,263	7,804
Total support and revenue	<u>16,726,726</u>	<u>2,976,984</u>	<u>222,531</u>
Net assets released from restrictions	8,010,959	(8,010,959)	-
Total support, revenue and releases	<u>24,737,685</u>	<u>(5,033,975)</u>	<u>222,531</u>
Functional Expenses:			
Program services	14,331,909	-	-
Supporting services:			
Management and general	973,862	-	-
Fundraising	2,771,143	-	-
Total functional expenses	<u>18,076,914</u>	<u>-</u>	<u>-</u>
Change in net assets before change in value of split interest agreements	<u>6,660,771</u>	<u>(5,033,975)</u>	<u>222,531</u>
Change in value of split interest agreements	<u>3,031</u>	<u>17,047</u>	<u>(3,805)</u>
Change in net assets	6,663,802	(5,016,928)	218,726
Net assets - beginning of year	22,970,026	17,690,057	3,463,268
Net assets - end of year	<u>\$ 29,633,828</u>	<u>\$ 12,673,129</u>	<u>\$ 3,681,994</u>

	<u>Total</u>	<u>2016 Total</u>
\$	3,458,754	\$ 7,222,677
	1,903,605	3,250,675
	202,315	277,854
	253,950	285,305
	86,590	88,240
	2,549,562	6,174,352
	797,556	579,569
	8,828,841	992,885
	204,556	165,265
	19,683	(27,130)
	770,979	843,881
	(194,790)	-
	549,590	(15,355)
	83,373	(131,181)
	411,677	484,348
	<u>19,926,241</u>	<u>20,191,385</u>
	-	-
	<u>19,926,241</u>	<u>20,191,385</u>
	14,331,909	6,915,580
	973,862	829,417
	2,771,143	1,063,790
	<u>18,076,914</u>	<u>8,808,787</u>
	<u>1,849,327</u>	<u>11,382,598</u>
	<u>16,273</u>	<u>(17,835)</u>
	1,865,600	11,364,763
	44,123,351	32,758,588
\$	<u><u>45,988,951</u></u>	<u><u>\$ 44,123,351</u></u>

See accompanying notes to combined financial statements.

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust**

Combined Statement of Activities

Year Ended June 30, 2016

(With Summarized Totals for 2017)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Support and Revenue:			
Individuals	\$ 962,468	\$ 6,167,452	\$ 92,757
Bequests	1,925,871	1,324,804	-
Lions Club	110,129	167,725	-
Service clubs	65,329	219,976	-
CFC project	85,098	1,920	1,222
Foundations	752,090	5,272,262	150,000
Corporate donations	103,748	424,621	51,200
Contributed services (Note 2)	992,885	-	-
Other revenue	165,265	-	-
Merchandise sales, net of cost of sales of \$141,266	(27,130)	-	-
Special events, net of direct costs of \$590,980	843,881	-	-
Loss on disposal of assets	-	-	-
Realized gain (loss) on investments, net	7,892	9,107	(32,354)
Unrealized gain (loss) on investments, net	(83,407)	(44,816)	(2,958)
Investment income	384,181	85,061	15,106
Total support and revenue	<u>6,288,300</u>	<u>13,628,112</u>	<u>274,973</u>
Net assets released from restrictions	11,607,443	(11,607,443)	-
Total support, revenue and releases	<u>17,895,743</u>	<u>2,020,669</u>	<u>274,973</u>
Functional Expenses:			
Program services	6,915,580	-	-
Supporting services:			
Management and general	829,417	-	-
Fundraising	1,063,790	-	-
Total functional expenses	<u>8,808,787</u>	<u>-</u>	<u>-</u>
Change in net assets before change in value of split interest agreements	<u>9,086,956</u>	<u>2,020,669</u>	<u>274,973</u>
Change in value of split interest agreements	<u>(2,670)</u>	<u>(7,074)</u>	<u>(8,091)</u>
Change in net assets	9,084,286	2,013,595	266,882
Net assets - beginning of year	13,885,740	15,676,462	3,196,386
Net assets - end of year	<u>\$ 22,970,026</u>	<u>\$ 17,690,057</u>	<u>\$ 3,463,268</u>

<u>Total</u>	<u>2017 Total</u>
\$ 7,222,677	\$ 3,458,754
3,250,675	1,903,605
277,854	202,315
285,305	253,950
88,240	86,590
6,174,352	2,549,562
579,569	797,556
992,885	8,828,841
165,265	204,556
(27,130)	19,683
843,881	770,979
-	(194,790)
(15,355)	549,590
(131,181)	83,373
484,348	411,677
<u>20,191,385</u>	<u>19,926,241</u>
-	-
<u>20,191,385</u>	<u>19,926,241</u>
6,915,580	14,331,909
829,417	973,862
1,063,790	2,771,143
<u>8,808,787</u>	<u>18,076,914</u>
<u>11,382,598</u>	<u>1,849,327</u>
(17,835)	16,273
11,364,763	1,865,600
32,758,588	44,123,351
<u>\$ 44,123,351</u>	<u>\$ 45,988,951</u>

See accompanying notes to combined financial statements.

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust**

Combined Statements of Cash Flows

Years Ended June 30, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities:		
Change in net assets	\$ 1,865,600	\$ 11,364,763
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	735,989	420,717
Realized and unrealized (gain) loss on investments, net	(632,963)	146,536
Change in value of split interest agreements	(16,273)	17,835
Loss on disposal of assets	194,790	-
Contributions restricted for long-term investments	(582,380)	(9,324,672)
Change in operating assets:		
Accrued interest receivable	(1,975)	(50)
Prepaid expenses and other assets	(21,033)	5,513
Merchandise inventory	197	10,434
Contributions receivable, non-capital	4,536	(150,981)
Bequests and estates receivable	(81,115)	187,314
Charitable trusts receivable	253,970	709,908
Change in operating liabilities:		
Accounts payable and accrued expenses	(358,634)	90,635
Gift annuity liability	3,472	(21,813)
Total adjustments	(501,419)	(7,908,624)
Net cash provided by operating activities	1,364,181	3,456,139
Cash Flows from Investing Activities:		
Purchase of property and equipment	(6,584,323)	(6,963,828)
Proceeds from the disposal of assets	-	3,950
Purchases of investments	(20,603,484)	(4,887,295)
Proceeds from sales of investments	21,203,320	2,462,819
Net cash used in investing activities	(5,984,487)	(9,384,354)
Cash Flows from Financing Activities:		
Contributions, net of change in pledges, restricted for long-term investments	2,598,578	8,125,769
Change in cash and cash equivalents	(2,021,728)	2,197,554
Cash and cash equivalents - beginning of year	11,219,906	9,022,352
Cash and cash equivalents - end of year	\$ 9,198,178	\$ 11,219,906

See accompanying notes to combined financial statements.

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust**

Combined Statement of Functional Expenses

Year Ended June 30, 2017

(With Summarized Totals for 2016)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>
Salaries	\$ 3,894,440	\$ 378,576	\$ 731,138
Employee benefits	444,271	43,187	83,407
Payroll taxes	266,983	26,183	50,036
Total personnel expense	<u>4,605,694</u>	<u>447,946</u>	<u>864,581</u>
Advertising and promotions	498,024	10,092	3,865
In-kind advertising and promotions	6,759,831	47,445	1,689,958
Breeding cost, kennel supplies and veterinary services	515,954	-	-
General insurance	120,689	12,586	24,307
Maintenance and equipment	431,828	18,295	11,526
Occupancy	172,472	11,017	17,057
Office	76,782	31,253	14,483
Other	32,759	39,205	44,046
Printing	82,926	5,550	22,774
Professional fees and contracted services	122,825	162,551	27,597
Student meals and other	49,053	-	-
Supplies	92,936	33,516	11,531
Telephone	33,268	4,123	6,398
Travel	147,054	4,108	33,020
Total functional expenses before depreciation	<u>13,742,095</u>	<u>827,687</u>	<u>2,771,143</u>
Depreciation	<u>589,814</u>	<u>146,175</u>	<u>-</u>
Total functional expenses - 2017	<u>\$ 14,331,909</u>	<u>\$ 973,862</u>	<u>\$ 2,771,143</u>
Percent of Total - 2017	79.28%	5.39%	15.33%
Total functional expenses - 2016	<u>\$ 6,915,580</u>	<u>\$ 829,417</u>	<u>\$ 1,063,790</u>
Percent of Total - 2016	78.51%	9.42%	12.08%

	<u>Total</u>	<u>2016 Total</u>
\$	5,004,154	\$ 4,619,053
	570,865	448,699
	343,202	328,613
	<u>5,918,221</u>	<u>5,396,365</u>
	511,981	568,430
	8,497,234	683,729
	515,954	433,124
	157,582	124,584
	461,649	311,584
	200,546	139,065
	122,518	76,919
	116,010	80,038
	111,250	111,582
	312,973	177,027
	49,053	44,621
	137,983	50,463
	43,789	33,433
	<u>184,182</u>	<u>157,106</u>
	17,340,925	8,388,070
	<u>735,989</u>	<u>420,717</u>
\$	<u><u>18,076,914</u></u>	\$ <u><u>8,808,787</u></u>
	100.00%	100.00%
\$	<u><u>8,808,787</u></u>	
	100.00%	

See accompanying notes to combined financial statements.

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust**

Combined Statement of Functional Expenses

Year Ended June 30, 2016

(With Summarized Totals for 2017)

	Program Services	Management and General	Fundraising
Salaries	\$ 3,510,341	\$ 403,954	\$ 704,758
Employee benefits	340,998	39,240	68,461
Payroll taxes	249,134	29,482	49,997
Total personnel expense	4,100,473	472,676	823,216
Advertising and promotions	564,137	3,715	578
In-kind advertising and promotions	625,865	57,864	-
Breeding cost, kennel supplies and veterinary services	433,124	-	-
General insurance	93,013	11,503	20,068
Maintenance and equipment	274,487	17,686	19,411
Occupancy	115,388	11,446	12,231
Office	35,331	26,819	14,769
Other	28,264	20,161	31,613
Printing	29,174	11,020	71,388
Professional fees and contracted services	61,457	95,960	19,610
Student meals and other	44,621	-	-
Supplies	35,444	6,620	8,399
Telephone	23,909	4,013	5,511
Travel	111,816	8,294	36,996
Total functional expenses before depreciation	6,576,503	747,777	1,063,790
Depreciation	339,077	81,640	-
Total functional expenses - 2016	\$ 6,915,580	\$ 829,417	\$ 1,063,790
Percent of Total - 2016	78.51%	9.42%	12.08%
Total functional expenses - 2017	\$ 14,331,909	\$ 973,862	\$ 2,771,143
Percent of Total - 2017	79.28%	5.39%	15.33%

<u>Total</u>	<u>2017 Total</u>
\$ 4,619,053	\$ 5,004,154
448,699	570,865
328,613	343,202
<u>5,396,365</u>	<u>5,918,221</u>
568,430	511,981
683,729	8,497,234
433,124	515,954
124,584	157,582
311,584	461,649
139,065	200,546
76,919	122,518
80,038	116,010
111,582	111,250
177,027	312,973
44,621	49,053
50,463	137,983
33,433	43,789
<u>157,106</u>	<u>184,182</u>
8,388,070	17,340,925
<u>420,717</u>	<u>735,989</u>
<u>\$ 8,808,787</u>	<u>\$ 18,076,914</u>
100.00%	100.00%
<u>\$ 18,076,914</u>	
100.00%	

See accompanying to combined financial statements.

Southeastern Guide Dogs, Inc. and Southeastern Guide Dogs, Inc. Endowment Trust

Notes to Combined Financial Statements
June 30, 2017 and 2016

I. Organization

Founded in 1982, Southeastern Guide Dogs (the School) employs the latest in canine development and behavior research to create and nurture partnerships between visually impaired individuals and extraordinary guide dogs. All services - which include selective breeding and expert training for the dogs; meticulously planned on-campus instruction for students; and lifetime follow-up for graduates - are provided at no cost to the students. The School derives all of its support from private contributions and receives no government funds.

Accredited by the International Guide Dog Federation and Assistance Dogs International, the school actively supports more than 1,000 dog / person partnerships - including more than 400 guide dog teams - and continues to place more than 100 dogs each year into careers benefiting people with visual impairments and veterans.

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 33-acre campus on the gulf coast of Florida in beautiful Manatee County. The facilities consist of a Student Center, a Veterinary Center, a Training Kennel, a Puppy Academy, and a Canine Assessment Center.

Southeastern Guide Dogs, Inc. 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. (the School), and Southeastern Guide Dogs, Inc. Endowment Trust (the Trust), collectively referred to as the Organization. Southeastern Guide 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

Notes to Combined Financial Statements (Continued)
June 30, 2017 and 2016

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:

Unrestricted net assets - net assets that are not subject to donor-imposed stipulations. Quasi-endowment funds, established by the Board of Directors, are classified as unrestricted.

Temporarily restricted net assets - 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statements of activities as net assets released from restrictions.

Permanently restricted net assets - net assets subject to donor-imposed stipulations that are maintained permanently 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 for unrestricted purposes 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 temporarily restricted net assets. When the purpose of the restriction is accomplished, temporarily restricted assets are reclassified to unrestricted net assets 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 temporarily restricted net assets until the long-lived asset is acquired or constructed, at which time the net assets are released from the restriction and reclassified to unrestricted net assets.

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

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 and Trust's tax-exempt purpose is exempt from federal and state income taxes. Therefore, no provision for income taxes has been provided for.

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust**

Notes to Combined Financial Statements (Continued)
June 30, 2017 and 2016

2. Summary of Significant Accounting Policies (Continued)

Income Tax Status (Continued)

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, 2014 through June 30, 2017.

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.

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. Realized and unrealized gains and losses are included in the combined statements of activities. Realized and unrealized gains and losses and capital gains and losses on permanently restricted investments are recorded as increases or decreases in permanently restricted net assets as required by the Trust Indenture governing permanently restricted contributions to the School. Investment income 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.

Merchandise Inventory

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

Bequests and Estates Receivable

Bequests and estates are recorded at the date of death and when a reasonable estimate of assets can be completed, if they are expected to be collected within one year. Management believes all are collectible; therefore, no allowance for uncollectible receivables has been recorded.

Pledges Receivable

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 unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction.

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust**

Notes to Combined Financial Statements (Continued)
June 30, 2017 and 2016

2. Summary of Significant Accounting Policies (Continued)

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, 2017 and 2016.

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 School.

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, accounts payable and accrued expenses.

Contributed Services

Contributed services reported in the accompanying combined financial statements are primarily comprised of advertising and promotional services for special events and program support. Contributed services for the years ended June 30, 2017 and 2016 totaled \$8,828,841 and \$992,885, respectively.

Contributed services are recognized at their estimated fair value when they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. Amounts are recorded at their estimated fair market value at the date of donation using published rates and prices. Our contributed services consist mainly of advertising and veterinary care.

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.

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 one-half percent (5.5%) to seven and one-half percent (7.5%) of the fair value of the trusts' investments, to be received by the designated beneficiaries over the term of the trusts.

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust**

Notes to Combined Financial Statements (Continued)
June 30, 2017 and 2016

3. Property and Equipment

Property and equipment consisted of the following at June 30:

	2017	2016
Land	\$ 408,651	\$ 408,651
Building	16,864,528	5,051,774
Kennels	1,361,883	1,361,883
Furniture and equipment	1,823,717	1,141,477
Transportation equipment	1,146,314	842,470
Freedom Walk	724,646	724,646
Construction in progress	555,996	7,852,754
	22,885,735	17,383,655
Less accumulated depreciation	4,306,685	4,546,887
Property and equipment, net	\$ 18,579,050	\$ 12,836,768

Depreciation expense for the years ended June 30, 2017 and 2016 totaled \$735,989 and \$420,717, respectively.

4. 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, 2017:

	Cost	Fair Value	Accumulated Unrealized Gains (Losses)
Equities	\$ 8,217,566	\$ 8,410,698	\$ 193,132
Fixed Income	5,824,590	5,798,777	(25,813)
REITS	487,975	491,882	3,907
Commodities	1,200,009	1,189,383	(10,626)
Total investments	\$ 15,730,140	\$ 15,890,740	\$ 160,600

For the year ended June 30, 2017, the Organization had realized gains and unrealized gains on investments of \$549,590 and \$83,373 respectively, and incurred investment broker fees of \$53,541.

Following is a summary of investments at June 30, 2016:

	Cost	Fair Value	Accumulated Unrealized Gains (Losses)
Equities	\$ 5,515,539	\$ 5,643,708	\$ 128,169
Fixed Income	9,129,106	9,123,782	(5,324)
REITS	601,363	643,772	42,409
Commodities	522,802	434,775	(88,027)
Total investments	\$ 15,768,810	\$ 15,846,037	\$ 77,227

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust**

Notes to Combined Financial Statements (Continued)
June 30, 2017 and 2016

4. Investments (Continued)

For the year ended June 30, 2016, the Organization had realized losses and unrealized losses on investments of \$15,355 and \$131,181 respectively, and incurred investment broker fees of \$54,752.

5. Lease Commitments

The Organization leases equipment under operating lease agreements expiring at various times through 2022.

Minimum annual rental commitments under operating leases are as follows at June 30:

2018	\$	6,816
2019		6,816
2020		6,816
2021		6,426
2022		1,068
Total	\$	<u>27,942</u>

6. Advertising Costs

Advertising costs are expensed as incurred. Advertising expense totaled \$9,009,215 and \$1,252,159 for the years ended June 30, 2017 and 2016, respectively. For the years ended June 30, 2017 and 2016, advertising expense includes \$8,497,234 and \$683,729 of contributed services which consist of advertising and promotional services for special events and program support. The contributed services are unique to the years presented and the School does not anticipate receiving them for an extended period of time.

7. 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 \$71,371 and \$50,840 for the years ended June 30, 2017 and 2016, respectively.

Deferred Compensation Plan

During 2015, the Organization adopted a Deferred Compensation Agreement for the CEO under Internal Revenue Code 457. The Organization's reserve under the deferred compensation plan totaled \$166,149 and \$120,487 for the years ended June 30, 2017 and 2016, respectively, and is included in 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.

8. Financial Instruments with Credit 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.

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust**

Notes to Combined Financial Statements (Continued)
June 30, 2017 and 2016

9. Net Asset Classifications

The Organization's net assets have been classified into the following categories as of June 30, 2017 and 2016:

Board Designation of Unrestricted Net Assets

It is the policy of the Organization's Board of Directors to periodically designate appropriate sums to assure adequate financing of future projects and contingencies. As of June 30, 2017 and 2016, \$6,423,679 and \$6,082,227 has been designated by the board for operating support, respectively.

Temporarily Restricted Net Assets

Temporarily restricted net assets are generated from donor contributions and are restricted as to use within the designations listed below. At June 30, the components of temporarily restricted net assets were as follows:

	<u>2017</u>	<u>2016</u>
Charitable remainder trusts	\$ 288,481	\$ 542,451
D. Martin Guide dog training	2,650,183	2,540,836
Paws for Patriots	1,021,384	700,600
Paws for Patriots – Veterans Service	93,340	10,000
Student Services Center	758,257	1,639,487
Puppy Academy	372,180	3,875,547
Guide Dog University	7,267,273	7,578,610
Training Vans	-	258,048
Training Costs	-	487,402
Conditioning Equipment	111,200	-
Golf Carts	84,040	-
Other	26,791	57,076
Total temporarily restricted net assets	\$ <u>12,673,129</u>	\$ <u>17,690,057</u>

Permanently Restricted Net Assets

The Trust's permanently restricted net assets are held in perpetuity and certain components of income are earmarked for unrestricted purposes. At June 30, the components of permanently restricted net assets were as follows:

	<u>2017</u>	<u>2106</u>
Charitable gift annuities	\$ 91,311	\$ 95,116
Endowments	3,590,683	3,368,152
Total permanently restricted net assets	\$ <u>3,681,994</u>	\$ <u>3,463,268</u>

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust**

Notes to Combined Financial Statements (Continued)
June 30, 2017 and 2016

10. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrences of other events specified by donors as follows:

	<u>2017</u>	<u>2016</u>
Veterinary Clinic	\$ 18,205	\$ 9,187
Paws for Patriots	895,875	1,653,039
Paws for Patriots – Veteran Service	601,855	309,524
Guide dog training	84,412	72,837
Guide Dog University	358,202	39,753
Puppy Academy	3,577,136	1,444,647
Student Services	1,342,976	5,842,919
Maturity of charitable remainder trusts	271,018	702,833
Advertising	-	500,000
Training Vans	258,048	191,952
Training Costs	487,401	820,653
Other	115,831	20,099
Total net assets released from restrictions	<u>\$ 8,010,959</u>	<u>\$ 11,607,443</u>

11. Assets Held For Sale

During 2007, the School received land valued at \$588,000. During the year ended June 30, 2011, the School recognized a loss of \$189,000 on the assets held for sale due to the deterioration of market conditions. For the fiscal years ended June 30, 2017 and 2016, the balance of assets held for sale consists of land valued at \$399,000. It is not the intention of the School to utilize these assets for purposes other than selling them for cash. As such, they have been segregated from property and equipment, and are shown as assets held for sale. The School's policy is to hold assets held for sale at fair value less anticipated costs to sell.

12. Pledges Receivable

Pledges receivable consist of the following as of June 30:

	<u>2017</u>	<u>2016</u>
Pledges receivable	\$ 2,793,056	\$ 5,051,756
Less: discount to net present value	(564,390)	(802,356)
Less: allowance for uncollectible pledges	-	-
Pledges receivable, net	<u>2,228,666</u>	<u>4,249,400</u>
Less current portion	1,460,845	1,951,366
Amount collectible within 2-5 years	<u>\$ 767,821</u>	<u>\$ 2,298,034</u>

13. 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, 2017 and 2016.

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust**

Notes to Combined Financial Statements (Continued)
June 30, 2017 and 2016

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

The following table presents 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, 2017 and 2016, 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.

Description	June 30, 2017	Level 1	Level 2	Level 3
Equities:				
U.S. large cap	\$ 3,722,669	\$ 3,722,669	\$ -	\$ -
U.S. mid cap	569,600	569,600	-	-
U.S. small cap	792,157	792,157	-	-
Developed Markets	2,648,725	2,648,725	-	-
Internationally developed	72,715	72,715	-	-
Emerging markets	604,832	604,832	-	-
Total equities	<u>8,410,698</u>	<u>8,410,698</u>	<u>-</u>	<u>-</u>
Fixed Income:				
Investment grade taxable	5,141,029	-	5,141,029	-
Inflation linked	32,198	-	32,198	-
Other bonds	359,482	-	359,482	-
Global high yield taxable	266,068	-	266,068	-
Total fixed income	<u>5,798,777</u>	<u>-</u>	<u>5,798,777</u>	<u>-</u>
REITS	491,882	491,882	-	-
Commodities	1,189,383	1,189,383	-	-
Total investments	<u>15,890,740</u>	<u>10,091,963</u>	<u>5,798,777</u>	<u>-</u>
Charitable trusts receivable	288,481	-	288,481	-
Total assets at fair value	<u>\$ 16,179,221</u>	<u>\$ 10,091,963</u>	<u>\$ 6,087,258</u>	<u>\$ -</u>
Gift annuity liability	<u>\$ 86,584</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,584</u>

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 financial instruments:

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust**

Notes to Combined Financial Statements (Continued)
June 30, 2017 and 2016

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

Investment grade taxable, inflation linked, other bonds and global high yield taxable - 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).

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 period ended June 30, 2017:

	Gift Annuity Liability
Beginning balance	\$ 99,385
Change in value of split interest agreements	774
Annuity payments	(13,575)
Ending balance	\$ 86,584

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, 2016 and indicates the fair value hierarchy of the valuation techniques used to determine fair value.

Description	June 30, 2016	Level 1	Level 2	Level 3
Equities:				
U.S. large cap	\$ 2,237,503	\$ 2,237,503	\$ -	\$ -
U.S. mid cap	489,955	489,955	-	-
U.S. small cap	286,919	286,919	-	-
Internationally developed	1,661,568	1,661,568	-	-
Emerging markets	967,763	967,763	-	-
Total equities	5,463,708	5,643,708	-	-
Fixed Income:				
Investment grade taxable	8,790,187	-	8,790,187	-
Inflation linked	11,364	-	11,364	-
Other bonds	303,570	-	303,570	-
Global high yield taxable	18,661	-	18,661	-
Total fixed income	9,123,782	-	9,123,782	-

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust**

Notes to Combined Financial Statements (Continued)
June 30, 2017 and 2016

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

Description	June 30,			
	2016	Level 1	Level 2	Level 3
REITS	\$ 643,772	\$ 643,772	\$ -	\$ -
Commodities	434,775	434,775	-	-
Total investments	15,846,037	6,722,255	9,123,782	-
Charitable trusts receivable	542,451	-	542,451	-
Total assets at fair value	<u>\$ 16,388,488</u>	<u>\$ 6,722,255</u>	<u>\$ 9,666,233</u>	<u>\$ -</u>
 Gift annuity liability	 \$ 99,385	 \$ -	 \$ -	 \$ 99,385

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 period ended June 30, 2016:

	Gift Annuity Liability
Beginning balance	\$ 103,363
Change in value of split interest agreements	10,761
Annuity payments	(14,739)
Ending balance	<u>\$ 99,385</u>

14. 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.

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 permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent 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 permanently restricted net assets 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 unrestricted assets available for use on a periodic basis.

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust**

Notes to Combined Financial Statements (Continued)
June 30, 2017 and 2016

14. Endowment (Continued)

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 permanently restricted net assets 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, 2017 and 2016.

Changes in endowment net assets for the year ended June 30, 2017 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2016	\$ -	\$ 3,463,268	\$ 3,463,268
Endowment investment return:			
Interest and dividends	-	7,804	7,804
Realized and unrealized gain, net	-	186,081	186,081
Total endowment investment return	-	193,885	193,885
Contributions	-	28,646	28,646
Change in value of split-interest agreements	-	(3,805)	(3,805)
Total endowment activity	-	24,841	24,841
Endowment net assets, June 30, 2017	\$ -	\$ 3,681,994	\$ 3,681,994

Changes in endowment net assets for the year ended June 30, 2016 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2015	\$ -	\$ 3,196,386	\$ 3,196,386
Endowment investment return:			
Interest and dividends	-	15,106	15,106
Realized and unrealized loss, net	-	(35,312)	(35,312)
Total endowment investment return	-	(20,206)	(20,206)
Contributions	-	295,179	295,179
Change in value of split-interest agreements	-	(8,091)	(8,091)
Total endowment activity	-	287,088	287,088
Endowment net assets, June 30, 2016	\$ -	\$ 3,463,268	\$ 3,463,268

Changes in endowment net assets for the years ended June 30, 2017 and 2016 are shown on the combining schedule of activities on pages 22 and 24 as part of the supplemental information to these combined financial statements.

Southeastern Guide Dogs, Inc. and Southeastern Guide Dogs, Inc. Endowment Trust

Notes to Combined Financial Statements (Continued)
June 30, 2017 and 2016

14. Endowment (Continued)

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 5.1% while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

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 Southeastern Guide Dogs, Inc. and is subject to withdrawal and use in accordance with resolutions adopted by the Board of Directors of Southeastern Guide Dogs, Inc. The spending policy established for the years ended June 30, 2017 and 2016 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.

15. Contingencies

The Organization is subject to various claims and legal proceedings covering a range of matters that arise in the ordinary course of its business activities. Management and their legal counsel believe that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the Organization.

16. 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 Southeastern Guide Dogs, Inc., 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.

17. Subsequent Events

Management has evaluated all events subsequent to the statement of financial position date of June 30, 2017, through the date these combined financial statements were available for issuance, November 20, 2017, 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**

Combining Schedule of Financial Position

June 30, 2017

	<u>Southeastern Guide Dogs, Inc.</u>	<u>Southeastern Guide Dogs, Inc. Endowment Trust</u>
Assets		
Cash and cash equivalents:		
Unrestricted	\$ 2,405,058	\$ -
Restricted for temporarily restricted purposes	6,454,307	-
Restricted for permanently restricted purposes	-	338,813
Total cash and cash equivalents	<u>8,859,365</u>	<u>338,813</u>
Accrued interest receivable	4,141	4,159
Pledges receivable (Note 12)	2,228,666	-
Prepaid expenses and other assets	76,667	-
Merchandise inventory	33,158	-
Investments (Note 4):		
Restricted for gift annuity liability	36,070	50,514
Unrestricted	10,241,392	-
Temporarily restricted	2,231,036	-
Permanently restricted	-	3,331,728
Total investments	<u>12,508,498</u>	<u>3,382,242</u>
Bequests and estates receivable	142,171	-
Charitable trusts receivable	288,481	-
Assets held for sale (Note 11)	399,000	-
Property and equipment, net (Note 3)	18,579,050	-
Due from Southeastern Guide Dogs, Inc.	-	7,294
Total Assets	<u>\$ 43,119,197</u>	<u>\$ 3,732,508</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 768,876	\$ -
Gift annuity liability	36,070	50,514
Due to Southeastern Guide Dogs, Inc. Endowment Trust	7,294	-
Total liabilities	<u>812,240</u>	<u>50,514</u>
Net Assets:		
Unrestricted - undesignated	4,631,099	-
Board designated funds for operating support	6,423,679	-
Investment in property and equipment	18,579,050	-
Total unrestricted	<u>29,633,828</u>	<u>-</u>
Temporarily restricted (Note 9)	12,673,129	-
Permanently restricted (Note 9)	-	3,681,994
Total net assets	<u>42,306,957</u>	<u>3,681,994</u>
Total Liabilities and Net Assets	<u>\$ 43,119,197</u>	<u>\$ 3,732,508</u>

<u>Eliminations</u>	<u>Total</u>
\$ -	\$ 2,405,058
-	6,454,307
-	338,813
-	<u>9,198,178</u>
-	8,300
-	2,228,666
-	76,667
-	33,158
-	86,584
-	10,241,392
-	2,231,036
-	3,331,728
-	<u>15,890,740</u>
-	142,171
-	288,481
-	399,000
-	18,579,050
<u>(7,294)</u>	<u>-</u>
<u>\$ (7,294)</u>	<u>\$ 46,844,411</u>
\$ -	\$ 768,876
-	86,584
<u>(7,294)</u>	<u>-</u>
<u>(7,294)</u>	<u>855,460</u>
-	4,631,099
-	6,423,679
-	18,579,050
-	<u>29,633,828</u>
-	12,673,129
-	3,681,994
-	<u>45,988,951</u>
<u>\$ (7,294)</u>	<u>\$ 46,844,411</u>

See Independent Auditor's Report.

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust**

Combining Schedule of Activities

Year Ended June 30, 2017

	Southeastern Guide Dogs, Inc.			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Support and Revenue:				
Individuals	\$ 2,671,908	\$ 765,846	\$ -	\$ 3,437,754
Bequests	1,842,873	60,732	-	1,903,605
Lions Club	183,770	18,545	-	202,315
Service clubs	63,529	190,421	-	253,950
CFC project	83,072	2,372	-	85,444
Foundations	1,356,495	1,193,067	-	2,549,562
Corporate donations	238,815	552,241	-	791,056
Contributed services (Note 2)	8,828,841	-	-	8,828,841
Other revenue	204,556	-	-	204,556
Merchandise sales, net of cost of sales of \$29,911	19,683	-	-	19,683
Special events, net of direct costs of \$790,361	770,979	-	-	770,979
Loss on disposal of assets	(194,790)	-	-	(194,790)
Realized gain on investments, net	379,312	60,935	-	440,247
Unrealized gain (loss) on investments, net	(65,927)	72,562	-	6,635
Investment income	259,241	60,263	-	319,504
Total support and revenue	<u>16,642,357</u>	<u>2,976,984</u>	<u>-</u>	<u>19,619,341</u>
Net asset released from restrictions	8,010,959	(8,010,959)	-	-
Total support, revenue and releases	<u>24,653,316</u>	<u>(5,033,975)</u>	<u>-</u>	<u>19,619,341</u>
Functional Expenses:				
Program services	14,331,909	-	-	14,331,909
Supporting services:				
Management and general	957,537	-	-	957,537
Fundraising	2,771,143	-	-	2,771,143
Total functional expenses	<u>18,060,589</u>	<u>-</u>	<u>-</u>	<u>18,060,589</u>
Change in net assets before change in value of split interest agreements	<u>6,592,727</u>	<u>(5,033,975)</u>	<u>-</u>	<u>1,558,752</u>
Change in value of split interest agreements	<u>3,031</u>	<u>17,047</u>	<u>-</u>	<u>20,078</u>
Change in net assets	6,595,758	(5,016,928)	-	1,578,830
Transfers in (out)	68,044			68,044
Net assets - beginning of year	<u>22,970,026</u>	<u>17,690,057</u>	<u>-</u>	<u>40,660,083</u>
Net assets - end of year	<u>\$ 29,633,828</u>	<u>\$ 12,673,129</u>	<u>\$ -</u>	<u>\$ 42,306,957</u>

Southeastern Guide Dogs, Inc. Endowment Trust

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Combined Total</u>
\$ -	\$ -	\$ 21,000	\$ 21,000	\$ 3,458,754
-	-	-	-	1,903,605
-	-	-	-	202,315
-	-	-	-	253,950
-	-	1,146	1,146	86,590
-	-	-	-	2,549,562
-	-	6,500	6,500	797,556
-	-	-	-	8,828,841
-	-	-	-	204,556
-	-	-	-	19,683
-	-	-	-	770,979
-	-	-	-	(194,790)
-	-	109,343	109,343	549,590
-	-	76,738	76,738	83,373
84,369	-	7,804	92,173	411,677
84,369	-	222,531	306,900	19,926,241
-	-	-	-	-
84,369	-	222,531	306,900	19,926,241
-	-	-	-	14,331,909
16,325	-	-	16,325	973,862
-	-	-	-	2,771,143
16,325	-	-	16,325	18,076,914
68,044	-	222,531	290,575	1,849,327
-	-	(3,805)	(3,805)	16,273
68,044	-	218,726	286,770	1,865,600
(68,044)	-	-	(68,044)	-
-	-	3,463,268	3,463,268	44,123,351
\$ -	\$ -	\$ 3,681,994	\$ 3,681,994	\$ 45,988,951

See Independent Auditor's Report.

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust**

Combining Schedule of Financial Position

June 30, 2016

	Southeastern Guide Dogs, Inc.	Southeastern Guide Dogs, Inc. Endowment Trust
Assets		
Cash and cash equivalents:		
Unrestricted	\$ 979,834	\$ -
Restricted for temporarily restricted purposes	10,122,032	-
Restricted for permanently restricted purposes	-	118,040
Total cash and cash equivalents	11,101,866	118,040
Accrued interest receivable	4,208	2,117
Pledges receivable	4,249,400	-
Prepaid expenses and other assets	55,634	-
Merchandise inventory	33,355	-
Investments (Note 4):		
Restricted for gift annuity liability	42,217	57,168
Unrestricted	9,948,344	-
Temporarily restricted	2,488,165	-
Permanently restricted	-	3,310,143
Total investments	12,478,726	3,367,311
Bequests and estates receivable	61,056	-
Charitable trusts receivable	542,451	-
Assets held for sale (Note 11)	399,000	-
Property and equipment, net (Note 3)	12,836,768	-
Due from Southeastern Guide Dogs, Inc.	-	32,968
Total Assets	\$ 41,762,464	\$ 3,520,436
Liabilities and Net Assets		
Accounts payable and accrued expenses:	\$ 1,027,196	\$ -
Gift annuity liability	42,217	57,168
Due to Southeastern Guide Dogs, Inc. Endowment Trust	32,968	-
Total liabilities	1,102,381	57,168
Net Assets:		
Unrestricted - undesignated	4,051,031	-
Board designated funds for operating support	6,082,227	-
Investment in property and equipment	12,836,768	-
Total unrestricted	22,970,026	-
Temporarily restricted (Note 9)	17,690,057	-
Permanently restricted (Note 9)	-	3,463,268
Total net assets	40,660,083	3,463,268
Total Liabilities and Net Assets	\$ 41,762,464	\$ 3,520,436

<u>Eliminations</u>	<u>Total</u>
\$ -	\$ 979,834
-	10,122,032
-	118,040
<u>-</u>	<u>11,219,906</u>
-	6,325
-	4,249,400
-	55,634
-	33,355
-	99,385
-	9,948,344
-	2,488,165
-	3,310,143
<u>-</u>	<u>15,846,037</u>
-	61,056
-	542,451
-	399,000
-	12,836,768
<u>(32,968)</u>	<u>-</u>
\$ <u><u>(32,968)</u></u>	\$ <u><u>45,249,932</u></u>
\$ -	\$ 1,027,196
-	99,385
<u>(32,968)</u>	<u>-</u>
<u>(32,968)</u>	<u>1,126,581</u>
-	4,051,031
-	6,082,227
-	12,836,768
<u>-</u>	<u>22,970,026</u>
-	17,690,057
-	3,463,268
<u>-</u>	<u>44,123,351</u>
\$ <u><u>(32,968)</u></u>	\$ <u><u>45,249,932</u></u>

See Independent Auditor's Report.

**Southeastern Guide Dogs, Inc. and
Southeastern Guide Dogs, Inc. Endowment Trust**

Combining Schedule of Activities

Year Ended June 30, 2016

	Southeastern Guide Dogs, Inc.			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Support and Revenue:				
Individuals	\$ 962,468	\$ 6,167,452	\$ -	\$ 7,129,920
Bequests	1,925,871	1,324,804	-	3,250,675
Lions Club	110,129	167,725	-	277,854
Service clubs	65,329	219,976	-	285,305
CFC project	85,098	1,920	-	87,018
Foundations	752,090	5,272,262	-	6,024,352
Corporate donations	103,748	424,621	-	528,369
Contributed services (Note 2)	992,885	-	-	992,885
Other revenue	165,265	-	-	165,265
Merchandise sales, net of cost of sales of \$141,248	(27,130)	-	-	(27,130)
Special events, net of direct costs of \$590,980	843,881	-	-	843,881
Realized gain (loss) on investments, net	7,892	9,107	-	16,999
Unrealized loss on investments, net	(83,407)	(44,816)	-	(128,223)
Investment income	288,673	85,061	-	373,734
Total support and revenue	<u>6,192,792</u>	<u>13,628,112</u>	<u>-</u>	<u>19,820,904</u>
Net asset released from restrictions	<u>11,607,443</u>	<u>(11,607,443)</u>	<u>-</u>	<u>-</u>
Total support, revenue and releases	<u>17,800,235</u>	<u>2,020,669</u>	<u>-</u>	<u>19,820,904</u>
Functional Expenses				
Program services	6,915,580	-	-	6,915,580
Supporting services:				
Management and general	812,530	-	-	812,530
Fundraising	1,063,790	-	-	1,063,790
Total functional expenses	<u>8,791,900</u>	<u>-</u>	<u>-</u>	<u>8,791,900</u>
Change in net assets before change in value of split interest agreements	<u>9,008,335</u>	<u>2,020,669</u>	<u>-</u>	<u>11,029,004</u>
Change in value of split interest agreements	<u>(2,670)</u>	<u>(7,074)</u>	<u>-</u>	<u>(9,744)</u>
Change in net assets	9,005,665	2,013,595	-	11,019,260
Transfers in (out)	78,621	-	-	78,621
Net assets - beginning of year	<u>13,885,740</u>	<u>15,676,462</u>	<u>-</u>	<u>29,562,202</u>
Net assets - end of year	<u>\$ 22,970,026</u>	<u>\$ 17,690,057</u>	<u>\$ -</u>	<u>\$ 40,660,083</u>

Southeastern Guide Dogs, Inc. Endowment Trust

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Combined Total</u>
\$ -	\$ -	\$ 92,757	\$ 92,757	\$ 7,222,677
-	-	-	-	3,250,675
-	-	-	-	277,854
-	-	-	-	285,305
-	-	1,222	1,222	88,240
-	-	150,000	150,000	6,174,352
-	-	51,200	51,200	579,569
-	-	-	-	992,885
-	-	-	-	165,265
-	-	-	-	-
-	-	-	-	(27,130)
-	-	-	-	-
-	-	-	-	843,881
-	-	(32,354)	(32,354)	(15,355)
-	-	(2,958)	(2,958)	(131,181)
95,508	-	15,106	110,614	484,348
<u>95,508</u>	<u>-</u>	<u>274,973</u>	<u>370,481</u>	<u>20,191,385</u>
-	-	-	-	-
<u>95,508</u>	<u>-</u>	<u>274,973</u>	<u>370,481</u>	<u>20,191,385</u>
-	-	-	-	6,915,580
-	-	-	-	-
16,887	-	-	16,887	829,417
-	-	-	-	1,063,790
<u>16,887</u>	<u>-</u>	<u>-</u>	<u>16,887</u>	<u>8,808,787</u>
78,621	-	274,973	353,594	11,382,598
-	-	(8,091)	(8,091)	(17,835)
78,621	-	266,882	345,503	11,364,763
(78,621)	-	-	(78,621)	-
-	-	3,196,386	3,196,386	32,758,588
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,463,268</u>	<u>\$ 3,463,268</u>	<u>\$ 44,123,351</u>

See Independent Auditor's Report.