



INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2023
(Prepared on a Modified Cash Basis)

The Berner-Garde Foundation, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
The Berner-Garde Foundation, Inc.

Opinion

We have audited the accompanying financial statements of The Berner-Garde Foundation, Inc. (a nonprofit organization), which comprise the statement of assets and net assets—modified cash basis as of December 31, 2023, and the related statements of revenue, support, expenses, and changes in net assets—modified cash basis, functional expenses—modified cash basis, and cash flows—modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, assets and net assets of The Berner-Garde Foundation, Inc. as of December 31, 2023, and the related statements of revenue, support, expenses, and changes in net assets, functional expenses, and cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis for Opinion

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

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Berner-Garde Foundation, Inc.'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 Berner-Garde Foundation, Inc.'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.

The Hamaker CPA Group, LLC

Fairfax, Virginia

December 27, 2024

The Berner-Garde Foundation, Inc.
Statement of Assets and Net Assets
Modified Cash-Basis
December 31, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 261,674
Total current assets	<u>261,674</u>

OTHER ASSETS

Investments in marketable securities	<u>320,835</u>
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TOTAL ASSETS	<u>\$ 582,509</u>
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NET ASSETS

NET ASSETS

Without donor restrictions	\$ 436,495
With donor restrictions	<u>146,014</u>

TOTAL NET ASSETS	<u>\$ 582,509</u>
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The accompanying notes are an integral part of these financial statements.

The Berner-Garde Foundation, Inc.
Statement of Revenue, Support, Expenses, and Changes in Net Assets
Modified Cash-Basis
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Donations	\$ 54,161	\$ -	\$ 54,161
Trust contributions	12,408	-	12,408
Fundraisers	45,983	-	45,983
Health auction	12,651	50,604	63,255
Interest income	8	16	24
Investment income	10,868	1,621	12,489
Other income	4,888	-	4,888
Subtotal	<u>140,967</u>	<u>52,241</u>	<u>193,208</u>
Net Assets Released from Restrictions	<u>3,367</u>	<u>(3,367)</u>	<u>-</u>
Total Revenue and Support	<u>144,334</u>	<u>48,874</u>	<u>193,208</u>
OPERATING EXPENSES			
General and administrative	1,623	-	1,623
Program services	35,660	-	35,660
Fundraising	7,853	-	7,853
Total Operating Expenses	<u>45,136</u>	<u>-</u>	<u>45,136</u>
CHANGE IN NET ASSETS	99,198	48,874	148,072
NET ASSETS, BEGINNING OF YEAR	<u>337,297</u>	<u>97,140</u>	<u>434,437</u>
NET ASSETS, END OF YEAR	<u>\$ 436,495</u>	<u>\$ 146,014</u>	<u>\$ 582,509</u>

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

The Berner-Garde Foundation, Inc.
Statement of Functional Expenses
Modified Cash-Basis
For the Year Ended December 31, 2023

	Program Services	Management and General	Fundraising	Total
Bank fees	\$ -	\$ 19	\$ 2,482	\$ 2,501
Advertising	621	-	620	1,241
Accounting	-	1,098	-	1,098
Database	6,498	-	-	6,498
Insurance	1,301	325	542	2,168
Postage and shipping	421	105	176	702
Office supplies	74	19	31	124
Meeting expense	227	57	95	379
Berner-Garde Research Projects	20,000	-	-	20,000
Public relations	6,518	-	3,907	10,425
	<u>\$ 35,660</u>	<u>\$ 1,623</u>	<u>\$ 7,853</u>	<u>\$ 45,136</u>

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

The Berner-Garde Foundation, Inc.
Statement of Cash Flows
Modified Cash-Basis
For the Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Contributions, donations, fundraising, and other	\$	180,695
Operating expenses		(45,136)
Interest income		<u>24</u>
Net Cash Flows from Operating Activities		<u>135,583</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments		<u>(150,000)</u>
Net Cash Flows from Investing Activities		<u>(150,000)</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(14,417)
TOTAL CASH AND RESTRICTED CASH BEGINNING OF YEAR		<u>276,091</u>
TOTAL CASH AND RESTRICTED CASH END OF YEAR	\$	<u><u>261,674</u></u>

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

The Berner-Garde Foundation, Inc.
Notes to the Financial Statements
Modified Cash-Basis
December 31, 2023

Note 1 – Nature of Activities

The Berner-Garde Foundation, Inc. (the Foundation) is a California Nonprofit Corporation recognized as tax-exempt by the Internal Revenue Service as an organization described in Internal Revenue Code (Code) Section 501(c)(3). The Foundation was established in 1995 to assist in efforts to improve the health of Bernese Mountain Dogs (BMD). Funds raised are disbursed as the board determines for issues relating to the health of BMD. The organization maintains a database related to the health of these dogs, and it has established a BMD DNA and Tissue Repository, which it financially supports on an ongoing basis. The repository is paid for by the Foundation and is housed and maintained by researchers at Michigan State University, services for which the Foundation pays.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Foundation have been prepared on the modified cash-basis of accounting, modified to record assets or liabilities with respect to cash transactions and events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transactions or events occurred. The modifications result in valuing investments based on fair value and recording unrealized gains and losses. Except for investment income, all transactions are recognized as either revenue or expenses when received or paid in cash. Except for investment income, noncash transactions are not recognized. This basis of accounting represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). This basis of accounting differs from GAAP primarily because certain revenue and related assets have been recognized when received rather than when earned and certain expenses and related liabilities have been recognized when paid rather than when the obligations were incurred.

Cash and Cash Equivalents

The Foundation considers short-term highly liquid investments to be cash equivalents if they are both readily convertible to cash and have an original maturity of three months or less when purchased. The Foundation maintains some of its cash in bank deposit accounts which, from time to time, exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values are reported at fair values based on quoted prices in active markets (all Level 1 measurements) in the statement of assets and net assets. Unrealized gains and losses are included in investment income. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

The Berner-Garde Foundation, Inc.
Notes to the Financial Statements
Modified Cash-Basis
December 31, 2023

Note 2 – Summary of Significant Accounting Policies, continued

Net Assets

To ensure the observance of limitations and restrictions placed on the use of resources available to the Foundation, amounts are classified for accounting purposes into classes established according to their nature and purpose as follows:

Net assets without donor restrictions are net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the Foundation.

Net assets with donor restrictions result from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to these stipulations. Also included in this category are promises to give. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specified purposes. Contributions received in the same period in which donor restrictions are met will be treated as net assets without donor restrictions.

Contributed Services

The Foundation is a volunteer-based organization where all board members volunteer their time to run the Foundation. During the year ended December 31, 2023, the Foundation received approximately 7,500 volunteer hours that have not been recorded in the statement of revenue, expenses, and changes in net assets.

Functional Expenses

The costs of providing the various programs, fundraising, and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and fundraising activities benefited. Functional expenses are allocated to programs and supporting services based on specific identification. Expenses that relate to more than one program or support activity are allocated based on board volunteer hours.

Use of Estimates

The preparation of financial statements on a modified cash-basis of accounting requires management to make estimates and assumptions that affect financial statement amounts and disclosures. Actual results could differ from those estimates and assumptions.

Fair Value

Accounting principles generally accepted in the United States establishes a framework for measuring fair value, using a three-tiered fair value hierarchy with Level 1 representing quoted prices for identical assets or liabilities in an active market, Level 2 representing quoted prices for identical assets or liabilities in a market that is nonactive or with other than directly or indirectly observable inputs, and Level 3 representing estimate values based on unobservable inputs. Related disclosures are segregated for assets measured at fair value based on the level used within the hierarchy to determine their fair values.

The Berner-Garde Foundation, Inc.
Notes to the Financial Statements
Modified Cash-Basis
December 31, 2023

Note 2 – Summary of Significant Accounting Policies, continued

Income Taxes

The Foundation is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3), except to the extent that it has taxable income from businesses that are not related to its tax-exempt purpose. Unrelated business income, if there was any, would be taxed at the applicable corporate income tax rate. The Foundation did not have any unrelated business income during the year ended December 31, 2023, and accordingly, no provision for income taxes has been made in the financial statements. The Foundation is not currently under examination by any taxing jurisdiction. Federal and state taxing authorities no longer have the right to examine tax years prior to 2021. For the year ended December 31, 2023, there were no interest or penalties associated with tax positions recorded in the accompanying financial statements.

Note 3 – Investments

Investments are stated at fair value (Level 1) and consist of fixed-income funds which are a type of mutual fund that holds a basket of fixed income securities, such as government bonds, corporate bonds, international bonds (government and corporate), and money market instruments. As of December 31, 2023, investments are summarized as follows:

Investment cost basis	\$ 320,176
Unrealized gains	<u>659</u>
Investments in marketable securities	<u>\$ 320,835</u>

The following summarizes the investment return in the Statements of Revenue, Support, Expenses, and Changes in Net Assets for the year ended December 31, 2023:

Dividends	\$ 10,857
Unrealized gains	<u>1,632</u>
	<u>\$ 12,489</u>

Note 4—Donor Restrictions

The Foundation accepts proceeds at an auction during the dog shows of the Bernese Mountain Dog Club of America (BMDCA). The Foundation allocates 80% of the auction proceeds, net of auction related expenses, to the BMDCA's Health Fund. The BMDCA supports canine health research through their own American Kennel Club Canine Health Foundation Donor Advised Fund and the Morris Animal Foundation Donor-Driven Fund. The BMDCA has also approved direct funding of canine health research grants independent of those two organizations. As of December 31, 2023, the assets below were restricted for the BMDCA's Health Fund.

Cash	\$ 69,394
Investments	<u>76,620</u>
	<u>\$ 146,014</u>

The Berner-Garde Foundation, Inc.
Notes to the Financial Statements
Modified Cash-Basis
December 31, 2023

Note 5—Liquidity and Availability of Financial Assets

The following reflects the Foundation's financial assets as of December 31, 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets	\$	582,509
Less amounts unavailable for general expenditures within one year due to donor restrictions		<u>(146,014)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>436,495</u>

Note 6—Subsequent Events

In preparing these financial statements, management of the Foundation has evaluated events and transactions for potential recognition or disclosure through December 27, 2024, the date the financial statements were available to be issued.