
DOGS FOR THE DEAF, INC.

An Oregon Non-Profit Corporation

Financial Statements

**For the Fiscal Year Ended June 30, 2017
With Comparative Totals for 2016**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Dogs for the Deaf, Inc.
Central Point, OR

We have audited the accompanying financial statements of Dogs for the Deaf, Inc. (the Agency), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Agency's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 12, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Aiken & Sanders, Inc., PS
Certified Public Accountants
& Management Consultants

October 9, 2017

DOGS FOR THE DEAF, INC.

STATEMENT OF FINANCIAL POSITION

<u>June 30, 2017 (With Comparative Totals for 2016)</u>	<u>2017</u>	<u>2016</u>
ASSETS		
<u>Current Assets</u>		
Cash	\$ 2,898,880	\$ 2,363,638
Bequests Receivable	236,307	1,284,624
Accounts Receivable	5,800	11,361
Prepaid Expenses	73,402	11,432
Inventory	9,133	8,901
Total Current Assets	<u>3,223,522</u>	<u>3,679,956</u>
<u>Property & Equipment</u>		
Furniture and Equipment, net	30,827	14,947
Computer Equipment, net	54,808	31,131
Vehicles, net	89,892	75,452
Breeding Stock, net	6,497	4,844
Buildings & Land Improvements, net	1,458,428	1,544,934
Construction in Progress	720,977	75,991
Land & Site Development	253,495	253,495
Total Property & Equipment	<u>2,614,924</u>	<u>2,000,794</u>
<u>Other Assets</u>		
Investments	12,146,427	11,643,927
Total Other Assets	<u>12,146,427</u>	<u>11,643,927</u>
Total Assets	<u>\$ 17,984,873</u>	<u>\$ 17,324,677</u>
LIABILITIES AND NET ASSETS		
<u>Current Liabilities</u>		
Accounts Payable	\$ 256,023	\$ 37,913
Wages, Payroll Tax & Benefits Payable	120,926	97,781
Accrued Vacation Payable	43,590	26,122
Dog Deposits	28,100	26,600
Miscellaneous Deposits	10,286	486
Event Deposit	100	100
Total Current Liabilities	<u>459,025</u>	<u>189,002</u>
<u>Net Assets</u>		
Unrestricted Net Assets	4,969,484	5,276,825
Unrestricted Net Assets - Board Designated Endowment	11,274,366	10,897,117
Unrestricted Net Assets - Board Designated	991	1,273
	<u>16,244,841</u>	<u>16,175,215</u>
Temporarily Restricted Net Assets	720,528	471,675
Temporarily Restricted Net Assets - Endowment	490,479	418,785
	<u>1,211,007</u>	<u>890,460</u>
Permanently Restricted Net Assets - Endowment	70,000	70,000
Total Net Assets	<u>17,525,848</u>	<u>17,135,675</u>
Total Liabilities and Net Assets	<u>\$ 17,984,873</u>	<u>\$ 17,324,677</u>

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

DOGS FOR THE DEAF, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Fiscal Year Ended June 30, 2017 (With Comparative Totals for 2016)			2017		2016	
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	TOTAL	
Support and Revenue						
Contributions	\$ 498,308	\$ 510,110	\$ -	\$ 1,008,418	\$ 821,697	
Foundations	99,529	68,000	-	167,529	121,399	
Bequests	1,293,165	-	-	1,293,165	764,452	
Inkind Contributions	256,245	-	-	256,245	297,645	
Interest Income	943	-	-	943	1,677	
Rent Income	3,600	-	-	3,600	3,600	
Sales, net	1,909	-	-	1,909	2,127	
Fundraising Events	4,250	-	-	4,250	20,868	
Miscellaneous	8,760	-	-	8,760	2,490	
Released from Program Restrictions	299,548	(299,548)	-	-	-	
Total Support and Revenue	2,466,257	278,562	-	2,744,819	2,035,955	
Expenses						
Program Services:						
Dog Training & Placement	1,753,648	-	-	1,753,648	1,591,653	
Public Education	1,141,907	-	-	1,141,907	1,094,093	
	2,895,555	-	-	2,895,555	2,685,746	
Fund Development	259,520	-	-	259,520	274,950	
Ranch	12,234	-	-	12,234	12,113	
Administration	112,696	-	-	112,696	148,068	
Total Expenses	3,280,005	-	-	3,280,005	3,120,877	
Other Revenue & Expenses						
Gain (Loss) on Disposal of Assets	(18)	-	-	(18)	(2,448)	
Investment Gain (Loss)	883,392	41,985	-	925,377	(603,587)	
Total Other Revenue & Expenses	883,374	41,985	-	925,359	(606,035)	
Change in Net Assets	69,626	320,547	-	390,173	(1,690,957)	
Net Assets at Beginning of Year	16,175,215	890,460	70,000	17,135,675	18,826,632	
Net Assets at End of Year	\$ 16,244,841	\$ 1,211,007	\$ 70,000	\$ 17,525,848	\$ 17,135,675	

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

DOGS FOR THE DEAF, INC.
STATEMENT OF FUNCTIONAL EXPENSES

Fiscal Year Ended June 30, 2017 (With Comparative Totals for 2016)							2017	2016
	Dog Training & Placement	Public Education	Total	Fund Development	Ranch	Administration	Total	Total
Salaries and Wages	\$ 914,579	\$ 446,752	\$ 1,361,331	\$ 95,467	-	\$ 66,640	\$ 1,523,438	\$ 1,373,906
Payroll Taxes & Benefits	268,350	122,747	391,097	28,411	-	20,794	440,302	375,534
Inkind	52,679	176,321	229,000	1,589	-	589	231,178	297,645
Depreciation	114,380	6,724	121,104	6,724	6,810	6,724	141,362	152,283
Publications & Promotions	1,904	207,946	209,850	53,191	-	-	263,041	242,075
Occupancy & Equipment	100,254	10,291	110,545	2,728	2,257	4,238	119,768	96,921
Information Technology	27,565	31,698	59,263	10,009	-	2,936	72,208	66,292
Mileage & Travel	89,651	29,307	118,958	10,862	-	376	130,196	132,998
Office Expenses	27,909	23,540	51,449	5,825	-	4,590	61,864	80,931
Dog Training Costs	91,942	-	91,942	-	-	-	91,942	95,266
Insurance	31,161	4,143	35,304	3,565	-	1,980	40,849	38,553
Professional Services	23,102	58,396	81,498	22,382	-	2,694	106,574	70,893
Other Related Costs	3,910	19,095	23,005	8,017	3,167	906	35,095	49,400
Miscellaneous	728	465	1,193	10,070	-	165	11,428	38,179
Conferences	5,534	4,482	10,016	680	-	64	10,760	10,001
	\$ 1,753,648	\$ 1,141,907	\$ 2,895,555	\$ 259,520	\$ 12,234	\$ 112,696	\$ 3,280,005	\$ 3,120,877

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

DOGS FOR THE DEAF, INC.

STATEMENT OF CASH FLOWS

Fiscal Year Ended June 30, 2017 (With Comparative Totals for 2016)	2017	2016
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 390,173	\$ (1,690,957)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	141,362	152,283
(Gain) Loss on Disposal of Assets	18	2,448
Investment (Gain) Loss	(925,377)	603,587
(Increase) Decrease in Bequest Receivable	1,048,317	415,579
(Increase) Decrease in Accounts Receivable	5,561	(7,623)
(Increase) Decrease in Prepaid Expenses	(61,970)	1,578
(Increase) Decrease in Inventory	(232)	11
Increase (Decrease) in Accounts Payable	218,110	46
Increase (Decrease) in Payroll Tax & Benefits Payable	23,145	5,705
Increase (Decrease) in Accrued Vacation	17,468	6,296
Increase (Decrease) in Dog Deposits	1,500	16,500
Increase (Decrease) in Miscellaneous Deposits	9,800	486
Total Adjustments	477,702	1,196,896
Net Cash Provided (Used) by Operating Activities	867,875	(494,061)
Cash Flows from Investing Activities:		
Net Activity: Investments	422,877	475,993
Proceeds from Sale of Vehicle	-	1,250
Capital Expenditures	(755,510)	(118,327)
Net Cash Provided (Used) by Investing Activities	(332,633)	358,916
Cash Flows from Financing Activities:	-	-
Net Increase (Decrease) in Cash & Cash Equivalents	535,242	(135,145)
Cash and Cash Equivalents at Beginning of Year	2,363,638	2,498,783
Cash and Cash Equivalents at End of Year	\$ 2,898,880	\$ 2,363,638
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Fiscal Year for Interest	\$ -	\$ -

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

DOGS FOR THE DEAF, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose--

Dogs for the Deaf (Agency) is a tax-exempt organization located in Central Point, Oregon and incorporated in the State of Oregon under the provision of the Oregon Non-profit Corporation Act for the purpose of a dog training and placement program.

The Agency rescues dogs from shelters, gives them the necessary care to bring them to prime medical condition, then trains them to meet a variety of needs.

Hearing Dogs are professionally trained to alert people with hearing loss to household sounds that are necessary to everyday safety and independence. These sounds include the smoke alarm, door bell/knock, alarm clock, baby cry, and someone calling the person's name. The dogs are extensively socialized and obedience trained. Hearing Dogs are placed with qualified applicants who are at least 18 years of age. They have been credited with saving lives and increasing independence by making the person aware of sounds and activity around them.

Program Assistance Dogs are placed with teachers, counselors, physicians, and therapists who take the dogs to work with them each day to assist in their work and treatment of their clients and students. The dogs are trained to interact in various ways with the patients/clients who are undergoing treatment, education or counseling. These professionally trained dogs can help improve overall cognitive development, provide a calming influence, increase students' ability to focus, shape positive behaviors, engage and motivate clients which allows the professional to better serve or treat the clients and students.

Autism Assistance Dogs are trained to enhance the safety of children on the autism spectrum. The dogs often have a calming effect on the child and may increase the child's willingness and ability to communicate. Autism Assistance Dogs can also help improve the child's social skills and reduce negative behaviors common to children on the autism spectrum. Our Autism Assistance Dog Program is in the final stages of development. We have a professional team with years of experience training Autism Assistance Dogs and we are working to refine our training program in order to produce the highest quality Autism Assistance Dogs available. As part of our beta program, we have graduated and placed our first two Autism Assistance Dogs in 2016 and one in 2017.

In addition to Hearing Dogs, Program Assistance Dogs and Autism Assistance Dogs, the Agency also trains and places **Career Change Dogs**. These dogs removed from training, are happy and healthy but just not suited for the work and demands required of the certified assistance dogs. Career Change dogs make loving pets, rewarding companions and provide motivation for both physical and mental exercise and make considerable improvements in the quality of life for many people. The Agency makes a lifetime commitment to all dogs rescued and places them in long term, forever homes. The Agency places all of its dogs free of charge with applicants throughout the United States and Canada.

Support and Revenues--

The Agency receives a substantial amount of its annual support and revenues through donations. A significant change or reduction in the level of this support and revenue, if it were to occur, might have a significant effect on the Agency's programs and activities.

Income Tax Status--

The Agency is a non-profit entity exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and is not classified as a private foundation.

DOGS FOR THE DEAF, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T)

Financial Statements--

The Agency maintains its financial records on the accrual basis of accounting.

Under "Financial Statements of Not-for-Profit Organizations," the Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Gains and losses on investments shall be reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

Use of Estimates--

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results may vary from the estimates that were used.

Bequest Receivable--

The Agency has been named beneficiary in numerous wills, trusts and inter-vivos trusts which may be subject to life interests. Proceeds from estates and trusts are not recognized until the passing of the donor as it is not certain that the Agency will remain the named beneficiary. The amount of proceeds from these legacies and bequests is not reasonably estimable until the probate court declares the will valid and the executor contacts the Agency. The Agency discounts bequests that are expected to be collected after one year from the date of executor contact with reasonable estimates. As of June 30, 2017, all bequest receivables are current. As of June 30, 2017 and 2016, bad debts were \$0.

Property, Equipment and Depreciation--

Property and equipment purchased by the Agency on the date of receipt is recorded at cost. Property and equipment donated to the Agency is capitalized at its estimated fair value. The Agency's policy is to expense the acquisition cost of equipment in the year it is purchased if its cost is less than \$1,000 or computer equipment less than \$300. Straight-line depreciation is provided over the estimated useful lives of the assets. Maintenance and repairs are charged to expense as incurred; major renewals and improvements are capitalized. When items of equipment are sold or are otherwise disposed of, the appropriate cost and related accumulated depreciation amounts are removed from the accounts and any gain or loss is included in other revenue and expenses.

Recognition of Contribution Revenue--

The Agency reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities and changes in net assets as net assets released from restrictions.

The Agency reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the assets are to be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how

DOGS FOR THE DEAF, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T)

those long-lived assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Advertising Costs--

It is the Agency's policy to expense all advertising costs as incurred.

Inventory—

Inventories purchased for use in program and supporting services are valued at the lower of first-in, first-out cost or market value.

NOTE 2 - SUPPLEMENTAL DISCLOSURES - STATEMENT OF CASH FLOWS

Cash and cash equivalents include cash on hand, cash on deposit in financial institutions and all highly liquid debt instruments available for current use purchased with a maturity of three months or less.

NOTE 3 – EMPLOYEE BENEFITS

The Agency provides its employees with paid vacation and flex leave in accordance with its current policies. Flex leave benefits are cumulative to maximum of 320 hours and are not payable on termination. Accumulated unused vacation leave is payable to the employee in cash upon termination if not taken.

The Agency maintains a pension plan under Section 403 (b) of the Internal Revenue Code. Vesting in Agency contributions is based on years of service. An employee is 100% vested after five years of credited service. Employees have the option of funding the employee side of the plan; employee contributions are made on a semi-monthly basis and are 100% vested. The employer contribution to the plan is calculated by multiplying a Board of Directors approved percentage by the employee's gross wages. In addition, the Agency matches 50% of employee's contributions up to 12% of the individual employee's gross wages.

For the fiscal years ended June 30, 2017 and 2016, pension expense was \$63,401 and \$41,178, respectively.

NOTE 4 - PROPERTY, EQUIPMENT AND DEPRECIATION

As of June 30, 2017, property and equipment consists of the following:

DOGS FOR THE DEAF, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 4 - PROPERTY, EQUIPMENT AND DEPRECIATION (CON'T)

<u>Asset</u>	<u>Method</u>	<u>Life</u>	
Furniture & Equipment	St-Line	10 yrs	\$ 193,798
Accumulated Depreciation			(162,971)
			<u>\$ 30,827</u>
Computer Equipment	St-Line	5-10 yrs	\$ 210,113
Accumulated Depreciation			(155,305)
			<u>\$ 54,808</u>
Vehicles	St-Line	5-10 yrs	\$ 285,827
Accumulated Depreciation			(195,935)
			<u>\$ 89,892</u>
Breeding Stock	St-Line	7 yrs	\$ 7,423
Accumulated Depreciation			(926)
			<u>\$ 6,497</u>
Land Improvements			\$ 229,708
Buildings	St-Line	10-27.5 yrs	2,438,320
Accumulated Depreciation			(1,209,600)
			<u>\$ 1,458,428</u>
Land & Site Development			<u>\$ 253,495</u>
Construction in Progress			<u>\$ 720,977</u>

As of June 30, 2016, property and equipment was \$2,000,794.

NOTE 5 – INVESTMENTS & FAIR VALUE MEASUREMENTS

Investments include the Oregon Community Foundation and the Endowment Fund. The endowment fund is made up of Board Designated Funds, Temporarily Restricted Funds and Permanently Restricted Funds.

The quarterly distribution from the endowment is 4% of the assets based on a three year rolling average. The asset allocations are designed to provide an optimal asset mix for the portfolio, emphasizing diversification in order to lower risk and maximize "total return" relative to risk. The following table illustrates the diversification plan for the Agency.

DOGS FOR THE DEAF, INC.
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 5 – INVESTMENTS & FAIR VALUE MEASUREMENTS (CON'T)

Mutual Funds	34%
Money Market	2%
Alternative	20%
Corporate Stock	44%

Changes in endowment funds as of June 30, 2017, are as follows:

	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Beginning Balance	\$ 10,897,117	\$ 418,785	\$ 70,000	\$ 11,385,902
Bequests/Contributions	-	50,750	-	50,750
Investment Income (Loss)	775,783	41,985	-	817,768
Distributions	(398,534)	(21,041)	-	(419,575)
Ending Balance	\$ <u>11,274,366</u>	\$ <u>490,479</u>	\$ <u>70,000</u>	\$ <u>11,834,845</u>

As of June 30, 2017, the investments had the following cost basis:

Mutual Funds	\$ 3,843,906
Money Market Funds	251,489
Alternative	2,336,454
Corporate Stocks	4,855,362
Oregon Community Foundation	108,499
Total	\$ <u>11,395,710</u>

As of June 30, 2016, the investments had cost basis of \$11,239,005.

Investment income (loss) for the fiscal years ended June 30, 2017, is as follows:

Unrealized Gain (Losses)	\$ 385,409
Realized Gain (Losses)	433,093
Dividends	207,011
Management Fees	(100,136)
Total	\$ <u>925,377</u>

Investment loss for the fiscal year ended June 30, 2016, was \$(603,587).

Fair Value Measurements establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or

DOGS FOR THE DEAF, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 5 – INVESTMENTS & FAIR VALUE MEASUREMENTS (CON'T)

liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access.

Level 2: Inputs to valuation methodology include:

- A. Quoted prices for similar assets or liabilities in active markets.
- B. Quoted prices for identical or similar assets or liabilities in inactive markets.
- C. Inputs other than quoted prices that are observable for the asset or liability.
- D. Inputs that are principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2017.

Mutual funds: Valued at the net asset value (NAV) of shares held by the Agency at year end.

Money Market Funds: The investments are reported at fair value based on quoted prices in active markets for identical assets.

Alternative Funds: Valued at per share value based on quoted prices in active markets for identical assets.

Corporate Stocks: Valued at stock price per shares held by the Agency at year end.

Oregon Community Fund: The fair value of the Agency's interest in the fund is based on a percentage interest in the fund's fair value as represented by the fund's management.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Agency believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Agency's assets at fair value as of June 30, 2017 with comparative totals for 2016:

DOGS FOR THE DEAF, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 5 – INVESTMENTS & FAIR VALUE MEASUREMENTS (CON'T)

		Level 1	Level 2	Level 3	2017 Total	2016 Total
Mutual Funds	\$	4,051,130	\$ -	\$ -	\$ 4,051,130	\$ 4,084,202
Money Market Funds		251,489	-	-	251,489	1,068,884
Alternative		-	2,355,821	-	2,355,821	2,233,738
Corporate Stocks		5,379,488	-	-	5,379,488	4,156,373
Oregon Community Foundation		-	-	108,499	108,499	100,730
Total Assets at Fair Value:	\$	<u>9,682,107</u>	<u>\$ 2,355,821</u>	<u>\$ 108,499</u>	<u>\$ 12,146,427</u>	<u>\$ 11,643,927</u>

The following table sets forth a summary of changes in the fair value of the Agency's level 3 assets for the fiscal year ended June 30, 2017:

	Oregon Community Foundation
Balance, July 1, 2016	\$ 100,730
Contributions	-
Realized Gains (Losses)	1,061
Unrealized Gains (Losses)	11,643
Purchases, Sales, Issuances, and Settlements (net)	<u>(4,935)</u>
Balance, June 30, 2017	<u>\$ 108,499</u>

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are comprised of the following:

Building Fund	\$ 450,518
Dog Sponsorships	16,000
Vet Clinic	13,107
Vet Expenses	99,961
Garden of Ian	682
Preplacement Video	19,893
Miscellaneous	18,305
Toys for Joy	2,466
Autism	99,596
Endowment (Note 5)	<u>490,479</u>
Total	<u>\$ 1,211,007</u>

Temporarily restricted net assets as of June 30, 2016, was \$890,460.

DOGS FOR THE DEAF, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 7 – BOARD DESIGNATED FUNDS

The Board of Directors has designated earnings from the temporarily restricted building fund, and the temporarily restricted endowment funds BOTC Ed Caudero and RNA Vet Fund to be used for those same purposes. As of June 30, 2017 and 2016, the board designated funds were \$991 and \$1,273, respectively.

NOTE 8 - DONATED SERVICES & MATERIALS

Volunteers contribute services toward the fulfillment of programs sponsored by the Agency. The contributed services are not recorded in the financial statements because they do not meet the requirements. During the fiscal years ended June 30, 2017 and 2016, the estimated fair value of donated services not recorded was \$187,241 and \$112,160, respectively.

The Agency has received the following inkind donations that are used in the programs sponsored by the Agency. These inkind donations have been recorded as in-kind revenue at estimated fair market value when received. When they are used an offsetting entry to in-kind expense is made.

Supplies & Materials	\$ 27,312
Professional Services	32,682
Professional Services - Capitalized	25,067
Advertising	171,184
Total Inkind Revenue	256,245
Less Inkind Capitalized	(25,067)
Total Inkind Expense	\$ 231,178

Total donated services and materials for the fiscal year ended June 30, 2016, was \$297,645.

NOTE 9 – LICENSING AGREEMENT

The former President and CEO of the Agency has been a valuable person to the Agency and in the community for many years. She retired in December 2013. The Agency has made a commitment to pay \$1,000 a month to her until death, to use her name and likeness in perpetuity.

NOTE 10 - SUBSEQUENT EVENTS

The Agency did not have any subsequent events through October 9, 2017, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the fiscal year ended June 30, 2017.

NOTE 11 - UNCERTAIN TAX POSITIONS

The Agency files income tax returns in the U.S federal jurisdiction. The Agency is no longer subject to U.S. federal income tax examinations by tax authorities for years before June 30, 2014. Currently, there are no examinations or pending examinations with the Internal Revenue Service (IRS).

As of June 30, 2017, there are no tax positions for which the deductibility is certain but for which there is uncertainty regarding the timing of such deductibility.