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**DOGS FOR THE DEAF, INC.  
DBA DOGS FOR BETTER LIVES**

**An Oregon Non-Profit Corporation**

**Financial Statements**

**For the Fiscal Year Ended June 30, 2021  
With Comparative Totals for 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Dogs for the Deaf, Inc.  
DBA Dogs for Better Lives  
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, 2021, 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.

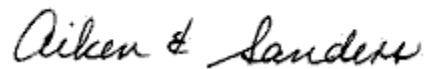
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### 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, 2021, 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 9, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, 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 11, 2021

**DOGS FOR THE DEAF, INC.**  
**DBA DOGS FOR BETTER LIVES**

**STATEMENT OF FINANCIAL POSITION**

<b>June 30, 2021 (With Comparative Totals for 2020)</b>	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b><u>Current Assets</u></b>		
Cash	\$ 322,174	\$ 676,794
Bequests Receivable	197,500	53,885
Accounts Receivable	2,851	2,522
Prepaid Expenses	44,749	33,724
Inventory	18,717	20,974
<b>Total Current Assets</b>	<b><u>585,991</u></b>	<b><u>787,899</u></b>
<b><u>Property &amp; Equipment</u></b>		
Furniture and Equipment, net	122,645	124,499
Computer Equipment, net	22,773	28,501
Vehicles, net	124,277	103,173
Breeding Stock, net	1,000	1,343
Buildings & Land Improvements, net	6,538,825	5,761,382
Construction in Progress	47,370	16,917
Land & Site Development	673,713	253,495
<b>Total Property &amp; Equipment</b>	<b><u>7,530,603</u></b>	<b><u>6,289,310</u></b>
<b><u>Other Assets</u></b>		
Investments	11,682,942	9,861,016
Goodwill, net	74,167	-
<b>Total Other Assets</b>	<b><u>11,757,109</u></b>	<b><u>9,861,016</u></b>
<b>Total Assets</b>	<b><u>\$ 19,873,703</u></b>	<b><u>\$ 16,938,225</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b><u>Current Liabilities</u></b>		
Accounts Payable	\$ 72,793	\$ 38,070
Wages, Payroll Tax & Benefits Payable	66,533	48,729
Accrued Vacation Payable	99,076	99,241
Dog Deposits	7,500	13,500
Line of Credit	500,000	-
<b>Total Current Liabilities</b>	<b><u>745,902</u></b>	<b><u>199,540</u></b>
<b><u>Net Assets</u></b>		
Net Assets Without Donor Restrictions	7,341,841	6,703,793
Net Assets Without Donor Restrictions - Board Designated		
Endowment	10,520,244	8,924,354
	<u>17,862,085</u>	<u>15,628,147</u>
With Donor Restriction Net Assets	1,265,716	1,110,538
<b>Total Net Assets</b>	<b><u>19,127,801</u></b>	<b><u>16,738,685</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 19,873,703</u></b>	<b><u>\$ 16,938,225</u></b>

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

**DOGS FOR THE DEAF, INC.**  
**DBA DOGS FOR BETTER LIVES**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

<b>Fiscal Year Ended June 30, 2021 (With Comparative Totals for 2020)</b>	<b>2021</b>		<b>2020</b>	
	<b>WITHOUT DONOR RESTRICTIONS</b>	<b>WITH DONOR RESTRICTIONS</b>	<b>TOTAL</b>	<b>TOTAL</b>
<b><u>Support and Revenue</u></b>				
Contributions	\$ 1,459,531	\$ 69,188	\$ 1,528,719	\$ 1,428,128
Bequests	1,120,227	-	1,120,227	1,965,315
Inkind Contributions	195,810	-	195,810	132,628
Boarding & Daycare Income	46,076	-	46,076	-
Interest Income	655	-	655	803
Rent Income	6,000	-	6,000	6,000
Sales, net	745	-	745	783
Fundraising Events	3,243	-	3,243	32,830
Miscellaneous	1,571	-	1,571	1,013
Released from Program Restrictions	167,082	(167,082)	-	-
<b>Total Support and Revenue</b>	<b>3,000,940</b>	<b>(97,894)</b>	<b>2,903,046</b>	<b>3,567,500</b>
<b><u>Expenses</u></b>				
Program Services:				
Dog Training & Placement	2,336,235	-	2,336,235	2,461,015
Public Education	884,596	-	884,596	819,796
	3,220,831	-	3,220,831	3,280,811
Fund Development	406,138	-	406,138	264,699
Ranch	36,989	-	36,989	7,336
Boarding	95,819	-	95,819	-
Administration	98,515	-	98,515	116,015
<b>Total Expenses</b>	<b>3,858,292</b>	<b>-</b>	<b>3,858,292</b>	<b>3,668,861</b>
<b><u>Other Revenue &amp; Expenses</u></b>				
Gain (Loss) on Disposal of Assets	172,288	-	172,288	(22)
Paycheck Protection Program Assistance	468,166	-	468,166	-
Investment Gain (Loss)	2,450,836	253,072	2,703,908	(107,698)
<b>Total Other Revenue &amp; Expenses</b>	<b>3,091,290</b>	<b>253,072</b>	<b>3,344,362</b>	<b>(107,720)</b>
<b>Change in Net Assets</b>	<b>2,233,938</b>	<b>155,178</b>	<b>2,389,116</b>	<b>(209,081)</b>
Net Assets at Beginning of Year	15,628,147	1,110,538	16,738,685	16,947,766
<b>Net Assets at End of Year</b>	<b>\$ 17,862,085</b>	<b>\$ 1,265,716</b>	<b>\$ 19,127,801</b>	<b>\$ 16,738,685</b>

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

**DOGS FOR THE DEAF, INC.  
DBA DOGS FOR BETTER LIVES**

STATEMENT OF FUNCTIONAL EXPENSES

<b>Fiscal Year Ended June 30, 2021 (With Comparative Totals for 2020)</b>		<b>2021</b>	<b>2020</b>						
	<b>Dog Training &amp; Placement</b>	<b>Public Education</b>	<b>Fund Development</b>	<b>Ranch</b>	<b>Boarding</b>	<b>Administration</b>	<b>Total</b>	<b>Total</b>	
Salaries and Wages	\$ 1,232,552	\$ 488,663	\$ 1,721,215	\$ 150,463	\$ -	\$ 18,316	\$ 38,197	\$ 1,928,191	\$ 1,963,565
Payroll Taxes & Benefits	376,565	145,328	521,893	39,329	-	3,397	14,808	579,427	609,456
Inkind	4,043	119,520	123,563	72,112	-	-	135	195,810	126,234
Depreciation	268,990	-	268,990	-	6,361	5,710	-	281,061	258,622
Publications & Promotions	20	72,377	72,397	64,006	-	-	1	136,404	83,856
Occupancy & Equipment	68,238	4,848	73,086	7,496	-	25,535	5,893	112,010	112,496
Information Technology	33,701	25,735	59,436	17,984	-	721	12,639	90,780	89,746
Mileage & Travel	84,149	1,906	86,055	4,050	-	18,230	2,657	110,992	120,111
Office Expenses	28,118	2,963	31,081	4,187	-	8,939	1,698	45,905	37,728
Dog Training Costs	96,639	-	96,639	-	-	548	-	97,187	113,828
Insurance	50,410	2,900	53,310	3,386	-	12,578	623	69,897	48,613
Professional Services	80,726	11,571	92,297	9,831	-	-	17,510	119,638	48,365
Other Related Costs	7,370	2,983	10,353	10,962	30,628	41	435	52,419	25,383
Miscellaneous	4,712	5,797	10,509	21,681	-	1,804	3,919	37,913	30,211
Other Event Costs	2	5	7	3	-	-	-	10	343
Conferences	-	-	-	648	-	-	-	648	304
	<b>\$ 2,336,235</b>	<b>\$ 884,596</b>	<b>\$ 3,220,831</b>	<b>\$ 406,138</b>	<b>\$ 36,989</b>	<b>\$ 95,819</b>	<b>\$ 98,515</b>	<b>\$ 3,858,292</b>	<b>\$ 3,668,861</b>

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

**DOGS FOR THE DEAF, INC.  
DBA DOGS FOR BETTER LIVES**

**STATEMENT OF CASH FLOWS**

<b>Fiscal Year Ended June 30, 2021 (With Comparative Totals for 2020)</b>	<b>2021</b>	<b>2020</b>
<b>Cash Flows from Operating Activities:</b>		
Change in Net Assets	\$ 2,389,116	\$ (209,081)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	281,061	258,622
(Gain) Loss on Disposal of Assets	(172,288)	22
Donated Capital Assets	-	(6,394)
Investment (Gain) Loss	(2,703,908)	107,698
Donations for Capital Expenditures	-	(121,955)
Paycheck Protection Program Assistance	(468,166)	-
(Increase) Decrease in Bequest Receivable	(143,615)	210,115
(Increase) Decrease in Accounts Receivable	(329)	494
(Increase) Decrease in Prepaid Expenses	(11,025)	(22,485)
(Increase) Decrease in Inventory	2,257	(998)
Increase (Decrease) in Accounts Payable	34,723	(27,240)
Increase (Decrease) in Payroll Tax & Benefits Payable	17,804	1,638
Increase (Decrease) in Accrued Vacation	(165)	18,833
Increase (Decrease) in Dog Deposits	(6,000)	(9,000)
<b>Total Adjustments</b>	<b><u>(3,169,651)</u></b>	<b><u>409,350</u></b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>(780,535)</u></b>	<b><u>200,269</u></b>
<b>Cash Flows from Investing Activities:</b>		
Net Activity: Investments	881,982	311,918
Donations for Capital Expenditures	-	121,955
Proceeds from Sale of Property	525,000	-
Capital Expenditures	<u>(1,949,233)</u>	<u>(425,248)</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<b><u>(542,251)</u></b>	<b><u>8,625</u></b>
<b>Cash Flows from Financing Activities:</b>		
Paycheck Protection Program Assistance	468,166	-
Proceeds from Line of Credit	722,805	-
Payments on Line of Credit	<u>(222,805)</u>	<u>-</u>
<b>Net Cash Provided (Used) by Financing Activities</b>	<b><u>968,166</u></b>	<b><u>-</u></b>
Net Increase (Decrease) in Cash & Cash Equivalents	<b>(354,620)</b>	<b>208,894</b>
Cash and Cash Equivalents at Beginning of Year	<u>676,794</u>	<u>467,900</u>
<b>Cash and Cash Equivalents at End of Year</b>	<b><u>\$ 322,174</u></b>	<b><u>\$ 676,794</u></b>
<b>Supplemental Disclosures of Cash Flow Information:</b>		
Cash Paid During the Fiscal Year for Interest	<u>\$ -</u>	<u>\$ -</u>

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



**DOGS FOR THE DEAF, INC.  
DBA DOGS FOR BETTER LIVES**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2021**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Purpose--**

Dogs for the Deaf, Inc. (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.

**Certified 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. Management expects this program to increasingly grow in the next several years.

In addition to Certified 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 or bred 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.

**DOGS FOR THE DEAF, INC.  
DBA DOGS FOR BETTER LIVES**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2021**

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

**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. The net income (loss) from the boarding business is subject to federal income tax.

**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 two classes of net assets: without donor restriction net assets and with donor restriction net assets.

Gains and losses on investments shall be reported in the statement of activities as increases or decreases in without donor restriction net assets unless their use is restricted by explicit donor stipulations or by law.

**Liquidity and Availability--**

The Agency has \$522,525 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure, consisting of cash of \$322,174, bequests receivable of \$197,500, and accounts receivable of \$2,851 as of June 30, 2021. The Agency has \$733,201 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure, consisting of cash of \$676,794, bequests receivable of \$53,885, and accounts receivable of \$2,522 as of June 30, 2020. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. The bequests receivable are expected to be collected within one year.

The Agency has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Agency also has an endowment fund and investments of \$11,682,942 and \$9,861,016 as of June 30, 2021 and 2020, respectively. See note 4.

**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, 2021, all bequest receivables are current. As of June 30, 2021 and 2020, bad debts were \$0.

**DOGS FOR THE DEAF, INC.  
DBA DOGS FOR BETTER LIVES**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2021**

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

**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 \$500. 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, with donor restriction net assets are reclassified to without donor restriction 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 without donor restrictions 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 with donor restriction support. Absent explicit donor stipulations about how 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.

**Allocation of Indirect Costs--**

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Agency. Payroll and related costs are allocated based on time spent on each function. Other indirect costs are allocated based on the overall payroll percentage.

**Inventory--**

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

**Concentration of Credit Risk--**

The Agency, at times, has cash deposits that exceed the insured limit by the U.S. Federal Deposit Insurance Corporation (FDIC). As of June 30, 2021 and 2020, the Agency exceeded the FDIC by \$0 and \$63,190, respectively.

**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.

**DOGS FOR THE DEAF, INC.  
DBA DOGS FOR BETTER LIVES**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 3 - PROPERTY, EQUIPMENT AND DEPRECIATION**

In May 2021, the Agency purchased a boarding business in North Falmouth, Massachusetts for \$1,812,805. The Agency is operating it as a boarding business for now and then turn it into a training facility in the next few years. As part of the purchase price, there is goodwill of \$75,000 that was recorded in the financial records. It is being amortized over 15 years. Goodwill is the following at June 30, 2021:

<u>Asset</u>	<u>Method</u>	<u>Life</u>	
Goodwill	St-Line	15 yrs	\$ 75,000
Accumulated Amortization			<u>(833)</u>
			<u>\$ 74,167</u>

As of June 30, 2021, property and equipment consists of the following:

<u>Asset</u>	<u>Method</u>	<u>Life</u>	
Furniture & Equipment	St-Line	10 yrs	\$ 363,758
Accumulated Depreciation			<u>(241,113)</u>
			<u>\$ 122,645</u>
Computer Equipment	St-Line	5-10 yrs	\$ 228,305
Accumulated Depreciation			<u>(205,532)</u>
			<u>\$ 22,773</u>
Vehicles	St-Line	5-10 yrs	\$ 417,646
Accumulated Depreciation			<u>(293,369)</u>
			<u>\$ 124,277</u>
Breeding Stock	St-Line	7 yrs	\$ 2,400
Accumulated Depreciation			<u>(1,400)</u>
			<u>\$ 1,000</u>
Land Improvements			\$ 236,487
Buildings	St-Line	10-40 yrs	8,031,121
Accumulated Depreciation			<u>(1,728,783)</u>
			<u>\$ 6,538,825</u>
Land & Site Development			<u>\$ 673,713</u>
Construction in Progress			<u>\$ 47,370</u>

As of June 30, 2020, property and equipment was \$6,289,310.

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

**June 30, 2021**

**NOTE 4 – INVESTMENTS & FAIR VALUE MEASUREMENTS**

Investments include the Oregon Community Foundation and the Endowment Fund. The endowment fund is made up of without donor restrictions and with donor restrictions.

The quarterly distribution from the endowment is 5.5% 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.

Mutual Funds	29%
Money Market	3%
Corporate Stock	68%

Changes in endowment funds as of June 30, 2021, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning Balance	\$ 8,924,354	\$ 936,810	\$ 9,861,164
Bequests/Contributions	-	-	-
Investment Income (Loss)	2,486,528	253,072	2,739,600
Distributions	<u>(890,638)</u>	<u>(39,205)</u>	<u>(929,843)</u>
Ending Balance	<u>\$ 10,520,244</u>	<u>\$ 1,150,677</u>	<u>\$ 11,670,921</u>

As of June 30, 2021, the investments had the following cost basis:

Mutual Funds	\$ 2,945,002
Money Market Funds	304,963
Corporate Bonds	56,291
Corporate Stocks	5,929,229
Oregon Community Foundation	<u>146,793</u>
Total	<u>\$ 9,382,278</u>

As of June 30, 2020, the investments had cost basis of \$8,863,773.

**DOGS FOR THE DEAF, INC.  
DBA DOGS FOR BETTER LIVES**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2021**

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**NOTE 4 – INVESTMENTS & FAIR VALUE MEASUREMENTS (CON'T)**

Investment income (loss) for the fiscal years ended June 30, 2021, is as follows:

Unrealized Gains (Losses)	\$	1,741,448
Realized Gans (Losses)		901,618
Dividends		167,279
Management Fees		<u>(106,437)</u>
Total	\$	<u><u>2,703,908</u></u>

Investment loss for the fiscal year ended June 30, 2020, was \$(107,698).

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 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, 2021.

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.

Corporate Bonds: Valued at cost plus accrued interest.

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

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**NOTE 4 – INVESTMENTS & FAIR VALUE MEASUREMENTS (CON'T)**

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, 2021 with comparative totals for 2020:

	Level 1	Level 2	Level 3	2021 Total	2020 Total
Mutual Funds	\$ 3,399,982	\$ -	\$ -	\$ 3,399,982	\$ 2,876,813
Money Market Funds	304,871	-	-	304,871	85,257
Alternative	-	-	-	-	2,141,153
Corporate Bonds	57,088	-	-	57,088	-
Corporate Stocks	7,774,208	-	-	7,774,208	4,467,369
Oregon Community Foundation	-	-	146,793	146,793	110,424
<b>Total Assets at Fair Value</b>	<b>\$ 11,536,149</b>	<b>\$ -</b>	<b>\$ 146,793</b>	<b>\$ 11,682,942</b>	<b>\$ 9,681,016</b>

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, 2021:

	Oregon Community Foundation
Balance, July 1, 2020	\$ 110,424
Contributions	-
Realized Gains (Losses)	6,173
Unrealized Gains (Losses)	35,736
Purchases, Sales, Issuances, and Settlements (net)	<u>(5,540)</u>
Balance, June 30, 2021	<u>\$ 146,793</u>

**NOTE 5 - LINE-OF-CREDIT**

As of June 30, 2021, the Agency has available a line of credit with Morgan Stanley in the amount of \$5,268,960. The interest rate on the line of credit is 2.6%. At June 30, 2021 and 2020, the outstanding balance on the line of credit was \$500,000 and \$0, respectively.

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**NOTE 6 – 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, 2021 and 2020, pension expense was \$84,501 and \$90,268, respectively.

**NOTE 7 – WITH DONOR RESTRICTIONS NET ASSETS**

With donor restriction net assets are comprised of the following:

Restricted for Purpose:

Vet Clinic	\$ 902
Preplacement Video	20,127
Miscellaneous	39,523
Seattle Vehicle	3,720
OPS Vehicle	27,500
Pavillion & Running Yards	16,864
Puppy Park	6,403
Endowment (Note 4)	<u>1,027,510</u>
	<u>1,142,549</u>

Restricted in Perpeuity:

Endowment (Note 4)	<u>123,167</u>
	<u>123,167</u>
Total	<u><u>\$ 1,265,716</u></u>

With donor restriction net assets as of June 30, 2020, was \$1,110,538.



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**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, 2021 and 2020, the estimated fair value of donated services not recorded was \$1,355,629 and \$649,421, 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	\$ 1,919
Professional Services	160,007
Advertising	<u>33,884</u>
 Total Inkind	 <u>\$ 195,810</u>

Total donated services and materials for the fiscal year ended June 30, 2020, was \$126,234.

**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 11, 2021, 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, 2021.

**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, 2018. Currently, there are no examinations or pending examinations with the Internal Revenue Service (IRS).

As of June 30, 2021, there are no tax positions for which the deductibility is certain but for which there is uncertainty regarding the timing of such deductibility.

**NOTE 12: COVID-19 CORONAVIRUS**

In February 2021, the Agency received proceeds in the amount of \$468,166 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (Cares Act), provides assistance to qualifying businesses. The principal and accrued interest are forgivable as long as the borrower uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of forgiveness will be reduced if the borrower terminates employees or reduces salaries as described in the Cares Act.

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**NOTE 12: COVID-19 CORONAVIRUS (CON'T)**

The unforgiven portion of the PPP funds is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Agency used the proceeds for purposes consistent with the PPP and believe that it will be forgiven. The Agency has recorded the \$468,166 as revenue on the statement of revenues.