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

An Oregon Non-Profit Corporation

Financial Statements

**For the Fiscal Year Ended June 30, 2023
With Comparative Totals for 2022**

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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

Opinion

We have audited the accompanying financial statements of the Dogs for the Deaf, Inc. (the Agency), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the fiscal 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, the financial position of the Agency as of June 30, 2023, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or

the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

Report on Summarized Comparative Information

We have previously audited the Agency's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 17, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, 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 16, 2023

**DOGS FOR THE DEAF, INC.
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STATEMENT OF FINANCIAL POSITION

June 30, 2023 (With Comparative Totals for 2022)	2023	2022
ASSETS		
<u>Current Assets</u>		
Cash	\$ 469,294	\$ 471,734
Bequests Receivable	80,000	193,500
Accounts Receivable	5,977	2,373
Prepaid Expenses	104,487	81,393
Inventory	16,777	21,310
Total Current Assets	<u>676,535</u>	<u>770,310</u>
<u>Property & Equipment</u>		
Furniture and Equipment, net	103,953	94,152
Computer Equipment, net	20,689	23,064
Vehicles, net	146,012	130,334
Buildings & Land Improvements, net	6,494,731	6,324,335
Construction in Progress	18,693	314,554
Land & Site Development	673,713	673,713
Total Property & Equipment	<u>7,457,791</u>	<u>7,560,152</u>
<u>Other Assets</u>		
Investments	8,800,065	9,290,714
Goodwill, net	64,167	69,167
Total Other Assets	<u>8,864,232</u>	<u>9,359,881</u>
Total Assets	<u>\$ 16,998,558</u>	<u>\$ 17,690,343</u>
LIABILITIES AND NET ASSETS		
<u>Current Liabilities</u>		
Accounts Payable	\$ 65,995	\$ 79,459
Wages, Payroll Tax & Benefits Payable	122,536	92,134
Accrued Vacation Payable	123,354	96,770
Dog Deposits	-	1,500
Line of Credit	-	364,006
Total Current Liabilities	<u>311,885</u>	<u>633,869</u>
<u>Net Assets</u>		
Net Assets Without Donor Restrictions	7,782,844	7,683,636
Net Assets Without Donor Restrictions - Board Designated Endowment	7,650,928	8,236,128
	<u>15,433,772</u>	<u>15,919,764</u>
With Donor Restriction Net Assets	1,252,901	1,136,710
Total Net Assets	<u>16,686,673</u>	<u>17,056,474</u>
Total Liabilities and Net Assets	<u>\$ 16,998,558</u>	<u>\$ 17,690,343</u>

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

Fiscal Year Ended June 30, 2023 (With Comparative Totals for 2022)	2023		2022	
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL
Support and Revenue				
Contributions	\$ 1,751,551	\$ 135,750	\$ 1,887,301	\$ 1,692,471
Bequests	1,064,998	-	1,064,998	1,305,254
Inkind Contributions	134,570	-	134,570	174,165
Boarding & Daycare Income	234,558	-	234,558	100,180
Interest Income	890	-	890	928
Rent Income	6,000	-	6,000	6,000
Sales, net	327	-	327	314
Fundraising Events	168,766	-	168,766	47,648
Adoption Fees	8,625	-	8,625	-
Miscellaneous	315	-	315	13
Released from Program Restrictions	116,442	(116,442)	-	-
Total Support and Revenue	3,487,042	19,308	3,506,350	3,326,973
Expenses				
Program Services:				
Dog Training & Placement	2,868,132	-	2,868,132	2,477,674
Public Education	858,810	-	858,810	833,205
	3,726,942	-	3,726,942	3,310,879
Fund Development	307,155	-	307,155	325,786
Boarding	669,849	-	669,849	464,684
Administration	124,393	-	124,393	104,461
Total Expenses	4,828,339	-	4,828,339	4,205,810
Other Revenue & Expenses				
Gain (Loss) on Disposal of Assets	-	-	-	(825)
Investment Gain (Loss)	855,305	96,883	952,188	(1,191,665)
Total Other Revenue & Expenses	855,305	96,883	952,188	(1,192,490)
Change in Net Assets	(485,992)	116,191	(369,801)	(2,071,327)
Net Assets at Beginning of Year	15,919,764	1,136,710	17,056,474	19,127,801
Net Assets at End of Year	\$ 15,433,772	\$ 1,252,901	\$ 16,686,673	\$ 17,056,474

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

**DOGS FOR THE DEAF, INC.
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STATEMENT OF FUNCTIONAL EXPENSES

Fiscal Year Ended June 30, 2023 (With Comparative Totals for 2022)		2023	2022					
	Dog Training & Placement	Public Education	Total	Fund Development	Boarding	Administration	Total	Total
Salaries and Wages	\$ 1,554,977	\$ 526,765	\$ 2,081,742	\$ 87,820	\$ 381,978	\$ 70,150	\$ 2,621,690	\$ 2,220,459
Payroll Taxes & Benefits	401,657	119,601	521,258	25,652	99,661	16,505	663,076	598,951
Inkind	12,829	52,566	65,395	69,175	-	-	134,570	174,165
Depreciation	260,613	1,639	262,252	3,279	37,458	1,639	304,628	309,421
Publications & Promotions	-	44,556	44,556	35,928	-	-	80,484	60,449
Occupancy & Equipment	97,015	6,691	103,706	9,663	72,561	7,469	193,399	179,768
Information Technology	65,189	26,792	91,981	7,842	8,839	1,550	110,212	91,830
Mileage & Travel	167,624	8,947	176,571	4,010	3,072	4,324	187,977	157,552
Office Expenses	23,210	8,567	31,777	5,849	6,561	1,541	45,728	47,044
Dog Training Costs	151,062	45	151,107	-	341	-	151,448	149,144
Insurance	57,281	3,369	60,650	4,472	16,029	1,163	82,314	58,267
Professional Services	42,881	7,775	50,656	5,988	-	4,462	61,106	53,417
Other Related Costs	7,696	3,486	11,182	9,534	8,640	347	29,703	36,998
Miscellaneous	25,678	20,808	46,486	15,752	23,122	14,638	99,998	52,362
Other Event Costs	420	27,203	27,623	22,191	-	80	49,894	1,918
Interest Expense	-	-	-	-	11,587	-	11,587	14,006
Conferences	-	-	-	-	-	525	525	59
	\$ 2,868,132	\$ 858,810	\$ 3,726,942	\$ 307,155	\$ 669,849	\$ 124,393	\$ 4,828,339	\$ 4,205,810

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

**DOGS FOR THE DEAF, INC.
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STATEMENT OF CASH FLOWS

Fiscal Year Ended June 30, 2023 (With Comparative Totals for 2022)	2023	2022
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (369,801)	\$ (2,071,327)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation & Amortization	304,628	309,421
(Gain) Loss on Disposal of Assets	-	825
Investment (Gain) Loss	(940,601)	1,191,665
(Increase) Decrease in Bequest Receivable	113,500	4,000
(Increase) Decrease in Accounts Receivable	(3,604)	478
(Increase) Decrease in Prepaid Expenses	(23,094)	(36,644)
(Increase) Decrease in Inventory	4,533	(2,593)
Increase (Decrease) in Accounts Payable	(13,464)	6,666
Increase (Decrease) in Payroll Tax & Benefits Payable	30,402	25,601
Increase (Decrease) in Accrued Vacation	26,584	(2,306)
Increase (Decrease) in Dog Deposits	(1,500)	(6,000)
Total Adjustments	<u>(502,616)</u>	<u>1,491,113</u>
Net Cash Provided (Used) by Operating Activities	<u>(872,417)</u>	<u>(580,214)</u>
Cash Flows from Investing Activities:		
Purchases of Investments	(1,427,755)	(2,325,008)
Withdrawals of Investments	2,859,005	3,530,571
Capital Expenditures	(197,267)	(339,795)
Net Cash Provided (Used) by Investing Activities	<u>1,233,983</u>	<u>865,768</u>
Cash Flows from Financing Activities:		
Payments on Line of Credit	(364,006)	(135,994)
Net Cash Provided (Used) by Financing Activities	<u>(364,006)</u>	<u>(135,994)</u>
Net Increase (Decrease) in Cash & Cash Equivalents	(2,440)	149,560
Cash and Cash Equivalents at Beginning of Year	<u>471,734</u>	<u>322,174</u>
Cash and Cash Equivalents at End of Year	<u>\$ 469,294</u>	<u>\$ 471,734</u>
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Fiscal Year for Interest	<u>\$ 11,587</u>	<u>\$ 14,006</u>

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

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

June 30, 2023

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.

Facility 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.

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.

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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 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 \$555,271 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 \$469,294, bequests receivable of \$80,000, and accounts receivable of \$5,977 as of June 30, 2023. The Agency has \$667,607 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 \$471,734, bequests receivable of \$193,500, and accounts receivable of \$2,373 as of June 30, 2022. 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 \$8,800,065 and \$9,290,714 as of June 30, 2023 and 2022, respectively. See note 3.

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, 2023, all bequest receivables are current. As of June 30, 2023 and 2022, bad debts were \$0.

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

June 30, 2023

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.

Investments--

The Agency records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment income/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment 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.

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

June 30, 2023

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

Summarized Prior Year--

The accompany financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended June 30, 2022, from which the summarized information was derived.

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 – 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	60%
Money Market	2%
Bonds	38%

Changes in endowment funds as of June 30, 2023, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning Balance	\$ 8,236,128	\$ 1,052,183	\$ 9,288,311
Bequests/Contributions	174,684	-	174,684
Investment Income (Loss)	853,116	99,523	952,639
Distributions	<u>(1,613,000)</u>	<u>(8,216)</u>	<u>(1,621,216)</u>
Ending Balance	<u>\$ 7,650,928</u>	<u>\$ 1,143,490</u>	<u>\$ 8,794,418</u>

As of June 30, 2023, the investments had the following cost basis:

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 3 – INVESTMENTS & FAIR VALUE MEASUREMENTS (CON'T)

Mutual Funds	\$	5,090,078
Money Market Funds		109,708
Bonds		3,326,638
Oregon Community Foundation		<u>135,689</u>
Total	\$	<u><u>8,662,113</u></u>

As of June 30, 2022, the investments had cost basis of \$8,665,665.

Investment income (loss) for the fiscal years ended June 30, 2023, is as follows:

Unrealized Gains (Losses)	\$	789,524
Realized Gans (Losses)		(20,323)
Dividends		253,429
Management Fees		<u>(70,442)</u>
Total	\$	<u><u>952,188</u></u>

Investment loss for the fiscal year ended June 30, 2022, was \$(1,191,665).

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.

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 3 – INVESTMENTS & FAIR VALUE MEASUREMENTS (CON'T)

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, 2023.

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.

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, 2023 with comparative totals for 2022:

	Level 1	Level 2	Level 3	2023 Total	2022 Total
Mutual Funds	\$ 5,237,299	\$ -	\$ -	\$ 5,237,299	\$ 2,266,136
Money Market Funds	109,708	-	-	109,708	502,468
Corporate Bonds	3,317,369	-	-	3,317,369	2,127
Corporate Stocks	-	-	-	-	6,386,505
Oregon Community Foundation	-	-	135,689	135,689	133,478
Total Assets at Fair Value	\$ 8,664,376	\$ -	\$ 135,689	\$ 8,800,065	\$ 9,290,714

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, 2023:

	Oregon Community Foundation
Balance, July 1, 2022	\$ 133,478
Contributions	-
Realized Gains (Losses)	(487)
Unrealized Gains (Losses)	8,666
Purchases, Sales, Issuances, and Settlements (net)	<u>(5,968)</u>
Balance, June 30, 2023	<u>\$ 135,689</u>

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

June 30, 2023

NOTE 4 - 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 year. 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, 2023:

<u>Asset</u>	<u>Method</u>	<u>Life</u>		
Goodwill	St-Line	15 yrs	\$	75,000
Accumulated Amortization				<u>(10,833)</u>
			\$	<u><u>64,167</u></u>

Net goodwill at June 30, 2022, was \$69,167.

As of June 30, 2023, property and equipment consists of the following:

<u>Asset</u>	<u>Method</u>	<u>Life</u>		
Furniture & Equipment	St-Line	10 yrs	\$	398,745
Accumulated Depreciation				<u>(294,792)</u>
			\$	<u><u>103,953</u></u>
Computer Equipment	St-Line	5-10 yrs	\$	254,157
Accumulated Depreciation				<u>(233,468)</u>
			\$	<u><u>20,689</u></u>
Vehicles	St-Line	5-10 yrs	\$	518,860
Accumulated Depreciation				<u>(372,848)</u>
			\$	<u><u>146,012</u></u>
Land Improvements			\$	255,293
Buildings	St-Line	10-40 yrs		8,406,603
Accumulated Depreciation				<u>(2,167,165)</u>
			\$	<u><u>6,494,731</u></u>
Land & Site Development			\$	<u><u>673,713</u></u>
Construction in Progress			\$	<u><u>18,693</u></u>

As of June 30, 2022, property and equipment was \$7,560,152.

NOTE 5 - LINE-OF-CREDIT

As of June 30, 2022, the Agency had available a line of credit with Morgan Stanley in the amount of \$5,268,960. The interest rate on the line of credit was 3.6448%. During 2023, the line of credit was closed and not renewed. At June 30, 2023 and 2022, the outstanding balance on the line of credit was \$0 and \$364,006, respectively.

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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, 2023 and 2022, pension expense was \$87,877 and \$81,007, respectively.

NOTE 7 – WITH DONOR RESTRICTIONS NET ASSETS

With donor restriction net assets are comprised of the following:

Restricted for Purpose:	
Veterinary Fund	\$ 100
Miscellaneous	31,936
Seattle Vehicle	12,265
NER Vehicle	2,277
Pavillion & Running Yards	164
Puppy Park	4,297
Murdock	58,372
Endowment (Note 3)	<u>1,020,323</u>
	<u>1,129,734</u>
Restricted in Perpeuity:	
Endowment (Note 3)	<u>123,167</u>
	<u>123,167</u>
Total	\$ <u><u>1,252,901</u></u>

With donor restriction net assets as of June 30, 2022, was \$1,136,710.

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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, 2023 and 2022, the estimated fair value of donated services not recorded was \$1,795,143 and \$2,201,475, 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	\$ 17,127
Advertising	<u>117,443</u>
Total Inkind	<u>\$ 134,570</u>

Total donated services and materials for the fiscal year ended June 30, 2022, was \$174,165.

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 16, 2023, 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, 2023.

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, 2020. Currently, there are no examinations or pending examinations with the Internal Revenue Service (IRS).

As of June 30, 2023, 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: FINANCIAL INSTRUMENTS AND CONCENTRATIONS OF CREDIT RISK

The Agency manages deposit concentration risk by placing cash and savings accounts with financial institutions believed to be creditworthy. To date, the Agency has not experienced losses in any of these accounts. Credit risk associated with receivables is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are supportive of our mission. Investments are made by diversified investment managers whose performance is monitored by the Agency and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Agency and Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Agency.

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 12: FINANCIAL INSTRUMENTS AND CONCENTRATIONS OF CREDIT RISK
(CON'T)

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.

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, 2023 and 2022, the Agency exceeded the FDIC by \$94,611 and \$59,527, respectively.