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

An Oregon Non-Profit Corporation

Financial Statements

**For the Fiscal Year Ended June 30, 2018
With Comparative Totals for 2017**

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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, 2018, 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, 2018, 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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 9, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, 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 8, 2018

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

June 30, 2018 (With Comparative Totals for 2017)	2018	2017
ASSETS		
<u>Current Assets</u>		
Cash	\$ 1,520,650	\$ 2,898,880
Bequests Receivable	261,700	236,307
Accounts Receivable	2,609	5,800
Prepaid Expenses	38,402	73,402
Inventory	9,886	9,133
Total Current Assets	<u>1,833,247</u>	<u>3,223,522</u>
<u>Property & Equipment</u>		
Furniture and Equipment, net	49,767	30,827
Computer Equipment, net	35,359	54,808
Vehicles, net	88,536	89,892
Breeding Stock, net	3,303	6,497
Buildings & Land Improvements, net	1,479,780	1,458,428
Construction in Progress	3,770,419	720,977
Land & Site Development	253,495	253,495
Total Property & Equipment	<u>5,680,659</u>	<u>2,614,924</u>
<u>Other Assets</u>		
Investments	11,567,554	12,146,427
Total Other Assets	<u>11,567,554</u>	<u>12,146,427</u>
Total Assets	<u>\$ 19,081,460</u>	<u>\$ 17,984,873</u>
LIABILITIES AND NET ASSETS		
<u>Current Liabilities</u>		
Accounts Payable	\$ 583,389	\$ 256,023
Wages, Payroll Tax & Benefits Payable	32,251	120,926
Accrued Vacation Payable	40,606	43,590
Dog Deposits	26,600	28,100
Miscellaneous Deposits	-	10,286
Event Deposit	100	100
Total Current Liabilities	<u>682,946</u>	<u>459,025</u>
<u>Net Assets</u>		
Unrestricted Net Assets	6,661,343	4,969,484
Unrestricted Net Assets - Board Designated Endowment	10,732,114	11,274,366
Unrestricted Net Assets - Board Designated	2,268	991
	<u>17,395,725</u>	<u>16,244,841</u>
Temporarily Restricted Net Assets	405,850	720,528
Temporarily Restricted Net Assets - Endowment	526,939	490,479
	<u>932,789</u>	<u>1,211,007</u>
Permanently Restricted Net Assets - Endowment	70,000	70,000
Total Net Assets	<u>18,398,514</u>	<u>17,525,848</u>
Total Liabilities and Net Assets	<u>\$ 19,081,460</u>	<u>\$ 17,984,873</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, 2018 (With Comparative Totals for 2017)				2018			2017
Support and Revenue	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL			TOTAL
Contributions	\$ 827,263	\$ 235,054	\$ -	\$ 1,062,317	\$		1,008,418
Foundations	132,647	208,943	-	341,590			167,529
Bequests	1,695,222	665	-	1,695,887			1,293,165
Inkind Contributions	531,784	-	-	531,784			256,245
Interest Income	932	-	-	932			943
Rent Income	3,600	-	-	3,600			3,600
Sales, net	1,240	-	-	1,240			1,909
Fundraising Events	-	-	-	-			4,250
Miscellaneous	3,809	-	-	3,809			8,760
Released from Program Restrictions	765,980	(765,980)	-	-			-
Total Support and Revenue	3,962,477	(321,318)	-	3,641,159			2,744,819
Expenses							
Program Services:							
Dog Training & Placement	1,752,736	-	-	1,752,736			1,753,648
Public Education	1,451,911	-	-	1,451,911			1,014,179
	3,204,647	-	-	3,204,647			2,767,827
Fund Development	309,709	-	-	309,709			387,248
Ranch	14,174	-	-	14,174			12,234
Administration	129,445	-	-	129,445			112,696
Total Expenses	3,657,975	-	-	3,657,975			3,280,005
Other Revenue & Expenses							
Gain (Loss) on Disposal of Assets	(2,421)	-	-	(2,421)			(18)
Investment Gain (Loss)	848,803	43,100	-	891,903			925,377
Total Other Revenue & Expenses	846,382	43,100	-	889,482			925,359
Change in Net Assets	1,150,884	(278,218)	-	872,666			390,173
Net Assets at Beginning of Year	16,244,841	1,211,007	70,000	17,525,848			17,135,675
Net Assets at End of Year	\$ 17,395,725	\$ 932,789	\$ 70,000	\$ 18,398,514	\$		\$ 17,525,848

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, 2018 (With Comparative Totals for 2017)								2018	2017
	Dog Training & Placement	Public Education	Total	Fund Development	Ranch	Administration	Total	Total	
Salaries and Wages	\$ 871,017	\$ 473,950	\$ 1,344,967	\$ 92,171	\$ -	\$ 66,602	\$ 1,503,740	\$ 1,523,438	
Payroll Taxes & Benefits	272,901	124,984	397,885	26,253	-	29,290	453,428	440,302	
Inkind	50,600	364,176	414,776	1,068	-	429	416,273	231,178	
Depreciation	123,410	7,259	130,669	7,259	6,810	7,259	151,997	141,362	
Publications & Promotions	-	255,832	255,832	97,191	-	-	353,023	263,041	
Occupancy & Equipment	77,023	8,111	85,134	1,567	3,673	2,870	93,244	119,768	
Information Technology	29,415	36,192	65,607	11,219	-	2,659	79,485	72,208	
Mileage & Travel	93,998	32,221	126,219	2,286	-	819	129,324	130,196	
Office Expenses	33,556	33,291	66,847	5,292	-	4,664	76,803	61,864	
Dog Training Costs	99,509	-	99,509	-	-	-	99,509	91,942	
Insurance	31,022	4,608	35,630	3,489	-	1,969	41,088	40,849	
Professional Services	55,750	83,137	138,887	39,320	-	9,890	188,097	106,574	
Other Related Costs	5,904	19,372	25,276	9,089	3,691	1,003	39,059	35,095	
Miscellaneous	7,655	4,490	12,145	13,374	-	1,782	27,301	11,428	
Conferences	976	4,288	5,264	131	-	209	5,604	10,760	
	\$ 1,752,736	\$ 1,451,911	\$ 3,204,647	\$ 309,709	\$ 14,174	\$ 129,445	\$ 3,657,975	\$ 3,280,005	

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, 2018 (With Comparative Totals for 2017)	2018	2017
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 872,666	\$ 390,173
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	151,997	141,362
(Gain) Loss on Disposal of Assets	2,421	18
Investment (Gain) Loss	(891,903)	(925,377)
Donations for Capital Expenditures	(351,131)	(451,504)
(Increase) Decrease in Bequest Receivable	(25,393)	1,048,317
(Increase) Decrease in Accounts Receivable	3,191	5,561
(Increase) Decrease in Prepaid Expenses	35,000	(61,970)
(Increase) Decrease in Inventory	(753)	(232)
Increase (Decrease) in Accounts Payable	327,366	218,110
Increase (Decrease) in Payroll Tax & Benefits Payable	(88,675)	23,145
Increase (Decrease) in Accrued Vacation	(2,984)	17,468
Increase (Decrease) in Dog Deposits	(1,500)	1,500
Increase (Decrease) in Miscellaneous Deposits	(10,286)	9,800
Total Adjustments	(852,650)	26,198
Net Cash Provided (Used) by Operating Activities	20,016	416,371
Cash Flows from Investing Activities:		
Net Activity: Investments	1,470,776	422,877
Donations for Capital Expenditures	351,131	451,504
Capital Expenditures	(3,220,153)	(755,510)
Net Cash Provided (Used) by Investing Activities	(1,398,246)	118,871
Cash Flows from Financing Activities:		
	-	-
Net Increase (Decrease) in Cash & Cash Equivalents	(1,378,230)	535,242
Cash and Cash Equivalents at Beginning of Year	2,898,880	2,363,638
Cash and Cash Equivalents at End of Year	\$ 1,520,650	\$ 2,898,880
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.
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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. During the fiscal year, the Agency added the DBA Dogs for Better Lives.

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 one Autism Assistance Dog in 2017 and one in 2018.

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.

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

June 30, 2018

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.

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, 2018, all bequest receivables are current. As of June 30, 2018 and 2017, 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.

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

June 30, 2018

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

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 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.

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, 2018 and 2017, the Agency exceeded the FDIC by \$739,245 and \$44,307, 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.

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, 2018 and 2017, pension expense was \$62,551 and \$63,401, respectively.

NOTE 4 - PROPERTY, EQUIPMENT AND DEPRECIATION

As of June 30, 2018, property and equipment consists of the following:

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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

<u>Asset</u>	<u>Method</u>	<u>Life</u>	
Furniture & Equipment	St-Line	10 yrs	\$ 223,152
Accumulated Depreciation			(173,385)
			<u>\$ 49,767</u>
Computer Equipment	St-Line	5-10 yrs	\$ 201,320
Accumulated Depreciation			(165,961)
			<u>\$ 35,359</u>
Vehicles	St-Line	5-10 yrs	\$ 318,204
Accumulated Depreciation			(229,668)
			<u>\$ 88,536</u>
Breeding Stock	St-Line	7 yrs	\$ 4,278
Accumulated Depreciation			(975)
			<u>\$ 3,303</u>
Land Improvements			\$ 229,708
Buildings	St-Line	10-27.5 yrs	2,539,300
Accumulated Depreciation			(1,289,228)
			<u>\$ 1,479,780</u>
Land & Site Development			<u>\$ 253,495</u>
Construction in Progress			<u>\$ 3,770,419</u>

As of June 30, 2017, property and equipment was \$2,614,924.

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.
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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

Mutual Funds	32%
Money Market	1%
Alternative	22%
Corporate Stock	45%

Changes in endowment funds as of June 30, 2018, are as follows:

	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Beginning Balance	\$ 11,274,366	\$ 490,479	\$ 70,000	\$ 11,834,845
Bequests/Contributions	86,745	20,015	-	106,760
Investment Income (Loss)	822,513	43,100	-	865,613
Distributions	<u>(1,451,510)</u>	<u>(26,655)</u>	<u>-</u>	<u>(1,478,165)</u>
Ending Balance	<u>\$ 10,732,114</u>	<u>\$ 526,939</u>	<u>\$ 70,000</u>	<u>\$ 11,329,053</u>

As of June 30, 2018, the investments had the following cost basis:

Mutual Funds	\$ 3,336,156
Money Market Funds	101,555
Alternative	2,423,565
Corporate Stocks	4,573,470
Oregon Community Foundation	<u>105,655</u>
Total	<u>\$ 10,540,401</u>

As of June 30, 2017, the investments had cost basis of \$11,395,710.

Investment income (loss) for the fiscal years ended June 30, 2018, is as follows:

Unrealized Gain (Losses)	\$ 363,270
Realized Gain (Losses)	420,305
Dividends	215,086
Management Fees	<u>(106,758)</u>
Total	<u>\$ 891,903</u>

Investment income for the fiscal year ended June 30, 2017, was \$925,377.

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

June 30, 2018

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

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, 2018.

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, 2018 with comparative totals for 2017:

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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

	Level 1	Level 2	Level 3	2018 Total	2017 Total
Mutual Funds	\$ 3,612,980	\$ -	\$ -	\$ 3,612,980	\$ 4,051,130
Money Market Funds	101,555	-	-	101,555	251,489
Alternative	-	2,520,227	-	2,520,227	2,355,821
Corporate Stocks	5,219,109	-	-	5,219,109	5,379,488
Oregon Community Foundation	-	-	113,683	113,683	108,499
Total Assets at Fair Value	\$ 8,933,644	\$ 2,520,227	\$ 113,683	\$ 11,567,554	\$ 12,146,427

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, 2018:

	Oregon Community Foundation
Balance, July 1, 2017	\$ 108,499
Contributions	-
Realized Gains (Losses)	2,128
Unrealized Gains (Losses)	8,031
Purchases, Sales, Issuances, and Settlements (net)	(4,972)
Balance, June 30, 2018	\$ 113,686

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are comprised of the following:

Building Fund	\$ 103,923
Dog Sponsorships	5,000
Vet Clinic	11,282
Vet Expenses	85,703
Garden of Ian	682
Preplacement Video	18,660
Miscellaneous	17,819
Toys for Joy	2,764
Autism	160,017
Endowment (Note 5)	526,939
Total	\$ 932,789

Temporarily restricted net assets as of June 30, 2017, was \$1,211,007.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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, 2018 and 2017, the board designated funds were \$2,268 and \$991, 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, 2018 and 2017, the estimated fair value of donated services not recorded was \$157,422 and \$187,241, 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	\$ 28,947
Professional Services	25,604
Professional Services - Capitalized	115,511
Advertising	<u>361,722</u>
Total Inkind Revenue	531,784
Less Inkind Capitalized	<u>(115,511)</u>
Total Inkind Expense	<u><u>\$ 416,273</u></u>

Total donated services and materials for the fiscal year ended June 30, 2017, was \$256,245.

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 8, 2018, 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, 2018.

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, 2015. Currently, there are no examinations or pending examinations with the Internal Revenue Service (IRS).

As of June 30, 2018, there are no tax positions for which the deductibility is certain but for which there is uncertainty regarding the timing of such deductibility.