
DOGS FOR THE DEAF, INC.

An Oregon Non-Profit Corporation

Financial Statements

**For the Fiscal Year Ended June 30, 2011
With Comparative Totals for 2010**

Aiken & Sanders, Inc PS

CERTIFIED PUBLIC ACCOUNTANTS
& MANAGEMENT CONSULTANTS

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
Statements of Financial Position	2
Statement of Activities and Changes in Net Assets.....	3
Statement of Functional Expenses.....	4
Statements of Cash Flows.....	5
Notes to the Financial Statements.....	6

Independent Auditor's Report

October 14, 2011

To the Board of Directors
Dogs for the Deaf, Inc.
10175 Wheeler Road
Central Point, OR 97502

We have audited the accompanying statement of financial position of the Dogs for the Deaf, Inc. (the Agency) as of June 30, 2011; the related statement of activities and changes in net assets; statement of functional expenses; and the statement of cash flows for the fiscal year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Agency's 2010 financial statements, and in our report dated October 21, 2010, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the changes in its net assets and its cash flows for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

Aiken & Sanders

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

DOGS FOR THE DEAF, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2011 (With Comparative Totals for 2010)	2011	2010
ASSETS		
<u>Current Assets</u>		
Cash	\$ 1,031,810	\$ 400,820
Bequests Receivable	1,205,449	424,331
Accounts Receivable	50,973	15,689
Prepaid Expenses	8,210	32,271
Inventory	27,059	22,977
Total Current Assets	<u>2,323,501</u>	<u>896,088</u>
<u>Property & Equipment</u>		
Furniture and Equipment, net	48,690	40,751
Computer Equipment, net	55,969	23,997
Vehicles, net	27,767	38,385
Buildings & Land Improvements, net	1,597,809	1,573,750
Construction in Progress	30,475	2,062
Land & Site Development	253,495	253,495
Total Property & Equipment	<u>2,014,205</u>	<u>1,932,440</u>
<u>Other Assets</u>		
Investments	9,248,843	9,423,699
Total Other Assets	<u>9,248,843</u>	<u>9,423,699</u>
Total Assets	<u>\$ 13,586,549</u>	<u>\$ 12,252,227</u>
LIABILITIES AND NET ASSETS		
<u>Current Liabilities</u>		
Accounts Payable	\$ 21,488	\$ 11,092
Wages, Payroll Tax & Benefits Payable	53,754	58,296
Accrued Vacation Payable	28,228	37,243
Hearing Dog Deposits	3,100	4,200
Tenant Security Deposit	1,300	1,300
Total Current Liabilities	<u>107,870</u>	<u>112,131</u>
<u>Net Assets</u>		
Unrestricted Net Assets	4,176,146	2,688,905
Unrestricted Net Assets - Board Designated Endowment	8,782,125	8,970,492
Unrestricted Net Assets - Board Designated	46,207	2,405
	<u>13,004,478</u>	<u>11,661,802</u>
Temporarily Restricted Net Assets	51,402	63,092
Temporarily Restricted Net Assets - Endowment	402,799	395,202
	<u>454,201</u>	<u>458,294</u>
Permanently Restricted Net Assets - Endowment	20,000	20,000
Total Net Assets	<u>13,478,679</u>	<u>12,140,096</u>
Total Liabilities and Net Assets	<u>\$ 13,586,549</u>	<u>\$ 12,252,227</u>

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

DOGS FOR THE DEAF, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Fiscal Year Ended June 30, 2011 (With Comparative Totals for 2010)				2011			2010
Support and Revenue	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL			TOTAL
Contributions	\$ 793,690	\$ 19,626	\$ -	\$ 813,316	\$		698,875
Foundations	145,146	7,900	-	153,046			139,417
Bequests	1,556,881	2,544	-	1,559,425			816,484
Inkind Contributions	134,962	-	-	134,962			82,672
Interest Income	264	-	-	264			327
Rent Income	20,484	-	-	20,484			19,395
Sales, net	8,936	-	-	8,936			7,869
Fundraising Events	31,087	-	-	31,087			37,874
Miscellaneous	2,858	-	-	2,858			4,649
Released from Program Restrictions	35,709	(35,709)	-	-			-
Total Support and Revenue	2,730,017	(5,639)	-	2,724,378			1,807,562
Expenses							
Program Services:							
Dog Training & Placement	1,122,990	-	-	1,122,990			1,168,209
Public Education	565,579	-	-	565,579			550,613
	1,688,569	-	-	1,688,569			1,718,822
Administration	54,639	-	-	54,639			45,928
Ranch	10,355	-	-	10,355			10,449
Fund Development	237,228	-	-	237,228			226,501
Total Expenses	1,990,791	-	-	1,990,791			2,001,700
Other Revenue & Expenses							
Loss on Disposal of Assets	(3,473)	-	-	(3,473)			(91)
Investment Gain (Loss)	606,923	1,546	-	608,469			1,267,536
Total Other Revenue & Expenses	603,450	1,546	-	604,996			1,267,445
Change in Net Assets	1,342,676	(4,093)	-	1,338,583			1,073,307
Net Assets at Beginning of Year	11,661,802	458,294	20,000	12,140,096			11,066,789
Net Assets at End of Year	\$ 13,004,478	\$ 454,201	\$ 20,000	\$ 13,478,679	\$		\$ 12,140,096

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

DOGS FOR THE DEAF, INC.

STATEMENT OF FUNCTIONAL EXPENSES

	Fiscal Year Ended June 30, 2011 (With Comparative Totals for 2010)					2011	2010
	Dog Training & Placement	Public Education	Total	Fund Development	Ranch	Administration	Total
Salaries and Wages	\$ 552,625	\$ 248,456	\$ 801,081	\$ 90,459	\$ -	\$ 28,904	\$ 920,444
Payroll Taxes & Benefits	206,746	84,307	291,053	34,411	-	7,671	333,135
Occupancy & Equipment	57,051	3,087	60,138	2,711	1,589	2,443	66,881
Office Expenses	23,754	16,666	40,420	15,438	-	1,246	57,104
Insurance	24,667	3,203	27,870	3,247	-	1,671	32,788
Mileage & Travel	33,277	10,795	44,072	8,098	-	714	52,884
Information Technology	22,808	20,078	42,886	13,814	-	2,094	58,794
Other Related Costs	2,460	8,527	10,987	8,640	2,605	614	22,846
Professional Services	35,658	9,883	45,541	7,268	-	1,278	54,087
Inkind	50,016	57,013	107,029	23,257	-	2,630	132,916
Publications & Promotions	55	94,602	94,657	20,113	-	-	114,770
Dog Training Costs	18,207	-	18,207	-	-	-	18,207
Conferences	428	107	535	102	-	-	637
Depreciation	86,228	5,070	91,298	5,070	5,911	5,070	107,349
Miscellaneous	9,010	3,785	12,795	4,600	250	304	17,949
	\$ 1,122,990	\$ 565,579	\$ 1,688,569	\$ 237,228	\$ 10,355	\$ 54,639	\$ 1,990,791
							\$ 2,001,700

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

DOGS FOR THE DEAF, INC.

STATEMENT OF CASH FLOWS

Fiscal Year Ended June 30, 2011 <i>(With Comparative Totals for 2010)</i>	2011	2010
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 1,338,583	\$ 1,073,307
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	107,349	113,040
Loss on Disposal of Assets	3,473	91
Investment (Gain) Loss	(608,469)	(1,267,536)
(Increase) Decrease in Bequest Receivable	(781,118)	(21,095)
(Increase) Decrease in Accounts Receivable	(35,284)	(11,248)
(Increase) Decrease in Prepaid Expenses	24,061	(14,938)
(Increase) Decrease in Inventory	(4,082)	5,943
Increase (Decrease) in Accounts Payable	10,396	(161,622)
Increase (Decrease) in Payroll Tax & Benefits Payable	(4,541)	13,912
Increase (Decrease) in Accrued Vacation	(9,015)	8,130
Increase (Decrease) in Hearing Dog Deposits	(1,100)	1,700
Total Adjustments	(1,298,330)	(1,333,623)
Net Cash Provided (Used) by Operating Activities	40,253	(260,316)
Cash Flows from Investing Activities:		
Net Activity: Investments	783,324	542,210
Capital Expenditures	(192,587)	(355,440)
Net Cash Provided (Used) by Investing Activities	590,737	186,770
Cash Flows from Financing Activities:		
	-	-
Net Increase (Decrease) in Cash & Cash Equivalents	630,990	(73,546)
Cash and Cash Equivalents at Beginning of Year	400,820	474,366
Cash and Cash Equivalents at End of Year	\$ 1,031,810	\$ 400,820
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Fiscal Year for Interest	-	-

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

DOGS FOR THE DEAF, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose--

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

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

Hearing Dogs are professionally trained to alert people with hearing loss to household sounds that are necessary to everyday safety and independence. These sounds include the smoke alarm, door bell/knock, alarm clock, baby cry, and someone calling the person's name. The dogs are extensively socialized and obedience trained. Hearing Dogs are placed with qualified applicants who are at least 16 years of age. They have been credited with saving lives, enhancing parenting skills, and increasing employability by making the person aware of sounds and activity around them.

Autism Assistance Dogs are trained to enhance the safety of children with autism by acting as an anchor and preventing the child from bolting into unsafe environments such as traffic, bodies of water, etc. Autism Assistance Dogs can have a calming effect on the child and may improve the child's willingness and ability to communicate and bond. The dogs are also specially trained to make contact with the child when a meltdown is occurring to help bring the child out of the behavior.

Program Assistance Dogs are trained and placed with professionals who work with people of all ages who have suffered trauma or who have a physical disability or mental/emotional challenge. These dogs are placed with teachers, counselors, courtroom advocates, physicians, and therapists who take the dogs to work with them each day. The dogs are trained to interact in various ways with the patients/clients who are undergoing treatment, interviewing, counseling, etc. so that the work the professional and client are doing is more successful. By relaxing, calming, and focusing the patient/client, the goals of the needed treatment or interviewing are achieved much more easily and with less stress or additional trauma.

In addition to Hearing Dogs, Autism Assistance Dogs, and Program Assistance Dogs, the Agency also trains and places **Miracle Mutts** (special dogs for special people). These dogs are rescued from shelters, taken care of medically, and, after training, placed in situations where they help alleviate challenges such as aging, depression, stroke, cerebral palsy, dementia, autism, post-traumatic stress disorder, and a wide variety of other life challenges. These dogs provide love, a reason to get up in the morning, and motivation for both physical and mental exercise and stimulation. The Agency makes a lifetime commitment to all dogs rescued and finds them their forever homes.

All of these specially trained dogs make incredible improvements in the quality of life for many people. The Agency places all of its dogs free of charge with applicants throughout the United States and Canada. These dogs then provide the priceless gifts of freedom, independence, and unconditional love.

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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

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.

The Agency follows FASB ASC 958, "Financial Statements of Not-for-Profit Organizations"). Under FASB ASC 958, 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.

Pursuant to FASB ASC 958, 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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

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.

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, 2011 and 2010, pension expense was \$50,622 and \$50,875, respectively.

DOGS FOR THE DEAF, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

NOTE 4 - PROPERTY, EQUIPMENT AND DEPRECIATION

As of June 30, 2011 and 2010, property and equipment consist of the following:

<u>Asset</u>	<u>Method</u>	<u>Life</u>	<u>2011</u>	<u>2010</u>
Furniture & Equipment	St-Line	10 yrs	\$ 118,714	\$ 113,155
Accumulated Depreciation			(70,024)	(72,404)
			<u>\$ 48,690</u>	<u>\$ 40,751</u>
 Computer Equipment	 St-Line	 5-10 yrs	 \$ 129,464	 \$ 91,694
Accumulated Depreciation			(73,495)	(67,697)
			<u>\$ 55,969</u>	<u>\$ 23,997</u>
 Vehicles	 St-Line	 5-10 yrs	 \$ 169,354	 \$ 169,354
Accumulated Depreciation			(141,587)	(130,969)
			<u>\$ 27,767</u>	<u>\$ 38,385</u>
 Land Improvements			 \$ 56,760	 \$ 16,311
Buildings	St-Line	10-27.5 yrs	2,223,424	2,167,573
Accumulated Depreciation			(682,375)	(610,134)
			<u>\$ 1,597,809</u>	<u>\$ 1,573,750</u>
 Land & Site Development			 \$ 253,495	 \$ 253,495

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% on the average quarterly balance. 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	70%
Alternative	20%
Other	4%
Corporate Stock	6%

DOGS FOR THE DEAF, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

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

As of June 30, 2011, the investments had the following cost basis:

	<u>2011</u>
Mutual Funds	\$ 4,482,009
Money Market Funds	64,199
Alternative	1,760,012
Other	350,000
Corporate Stocks	540,381
Oregon Community Foundation	<u>41,131</u>
Total	<u>\$ 7,237,732</u>

Investment income (loss) for the fiscal years ended June 30, 2011 and 2010, is as follows:

	<u>2011</u>	<u>2010</u>
Unrealized Gain (Losses)	\$ 241,314	\$ 1,036,814
Realized Gain (Losses)	264,948	(18,845)
Dividends	156,202	278,590
Management Fees	<u>(53,995)</u>	<u>(29,023)</u>
Total	<u>\$ 608,469</u>	<u>\$ 1,267,536</u>

The Agency follows FASB ASC 820-10 (formerly FASB 157). FASB ASC 820-10, 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 under FASB ASC 820-10 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.

DOGS FOR THE DEAF, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

NOTE 5 – 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, 2011.

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.

Bequests Receivable: Valued at stated value of the bequest to be collected with one year.

Alternative & Other Funds: Capital balance per K-1 of tax return..

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, 2011 and 2010:

	Assets at Fair Value as of June 30, 2011			
	Level 1	Level 2	Level 3	Total
Mutal Funds	\$ 6,321,026	\$ -	\$ -	\$ 6,321,026
Money Market Funds	64,199	-	-	64,199
Bequests Receivable	-	-	1,205,449	1,205,449
Alternative	-	1,885,086	-	1,885,086
Other	359,939	-	-	359,939
Corporate Stocks	574,643	-	-	574,643
Oregon Community Foundation	-	-	43,950	43,950
Total Assets at Fair Value:	\$ <u>7,319,807</u>	\$ <u>1,885,086</u>	\$ <u>1,249,399</u>	\$ <u>10,454,292</u>

DOGS FOR THE DEAF, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

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

Assets at Fair Value as of June 30, 2010

	Level 1	Level 2	Level 3	Total
Mutal Funds	\$ 9,378,128	\$ -	\$ -	\$ 9,378,128
Money Market Funds	7,566	-	-	7,566
Bequests Receivable	-	-	424,331	424,331
Oregon Community Foundation	-	-	38,005	38,005
Total Assets at Fair Value:	\$ 9,385,694	\$ -	\$ 462,336	\$ 9,848,030

The following table sets forth a summary of changes in the fair value of the Agency's level 3 assets for the year ended June 30, 2011 and 2010:

Year Ended June 30, 2011

	Oregon Community Foundation	Bequests Receivable	Totals
Balance, July 1, 2010	\$ 38,005	\$ 424,331	\$ 462,336
Realized Gains (Losses)	532	-	532
Unrealized Gains (Losses)	7,169	-	7,169
Purchases, Sales, Issuances, and Settlements (net)	(1,756)	781,118	779,362
Balance, June 30, 2011	\$ 43,950	\$ 1,205,449	\$ 1,249,399

Year Ended June 30, 2010

	Oregon Community Foundation	Bequests Receivable	Totals
Balance, July 1, 2009	\$ 36,176	\$ 403,236	\$ 439,412
Realized Gains (Losses)	532	-	532
Unrealized Gains (Losses)	3,614	-	3,614
Purchases, Sales, Issuances, and Settlements (net)	(2,317)	21,095	18,778
Balance, June 30, 2010	\$ 38,005	\$ 424,331	\$ 462,336

DOGS FOR THE DEAF, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are comprised of the following:

	<u>2011</u>	<u>2010</u>
Building Fund	672	8,502
Miscellaneous	50,730	54,590
Total	<u>\$ 51,402</u>	<u>\$ 63,092</u>

NOTE 7 – BOARD DESIGNATED FUNDS

The Board of Directors has designated earnings from the temporarily restricted building fund to be used for those same purposes. The Board of Directors has also set aside monies for the building fund. As of June 30, 2011 and 2010, the board designated funds were \$46,207 and \$2,405, respectively.

NOTE 8 - DONATED SERVICES & MATERIALS

During the fiscal year ended June 30, 2011, the Agency received donated services for improvements to property. These services have been recorded as an in-kind contribution and capitalized as assets at a fair value of \$2,046.

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 set out in FASB ASC 958. During the fiscal years ended June 30, 2011 and 2010, the estimated fair value of donated services not recorded was \$297,817 and \$310,435, 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.

	<u>2011</u>	<u>2010</u>
Supplies & Materials	\$ 82,093	\$ 32,400
Professional Services	23,773	22,529
Advertising	<u>27,050</u>	<u>27,743</u>
Total	<u>\$ 132,916</u>	<u>\$ 82,672</u>

NOTE 9 – BEQUESTS RECEIVABLE

As of June 30, 2011 and 2010, bequests receivable was \$1,205,449 and \$424,331, respectively. Management expects all will be collected within the next twelve months.

NOTE 10 - PRIOR PERIOD ADJUSTMENTS

During the fiscal year ended June 30, 2011, the Agency discovered that an interest in a trust had been recorded in the financial records in the previous year and that was later determined to not be owned by the Agency. The Agency decreased assets and net assets by \$44,566 for the fiscal year ended June 30, 2010.

DOGS FOR THE DEAF, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

NOTE 11 - SUBSEQUENT EVENTS

The Agency did not have any subsequent events through October 14, 2011, 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, 2011.

NOTE 12 - 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, 2007. Currently, there are no examination or pending examinations with the Internal Revenue Service (IRS).

The Agency adopted the provisions of FASB ASC 740, Accounting for Uncertainty in Income Taxes, on July 1, 2009. As of June 30, 2011, there are no tax positions for which the deductibility is certain but for which there is uncertainty regarding the timing of such deductibility.