DUO DOGS, INC.

FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

DUO DOGS, INC.

JUNE 30, 2025 AND 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Duo Dogs, Inc.
St. Louis, Missouri

Opinion

We have audited the financial statements of **Duo Dogs, Inc.** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Duo Dogs, Inc.** as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years 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 **Duo Dogs, Inc.** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 **Duo Dogs, Inc.'s** ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)
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 Organization'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 Organization'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.

Kiefer Bonfanti & Co. LLP

St. Louis, Missouri
October 20, 2025

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

Assets

	June 30, 2025	June 30, 2024
Current Assets		
Cash and cash equivalents	**$ 1,663,700**	$ 1,133,438
Contributions receivable - United Way	**59,628**	66,252
Contributions receivable - other	**11,474**	-
Grants receivable	**-**	50,000
Accounts receivable	**48,225**	43,950
Prepaid expenses and accrued interest	**24,704**	23,268
Total Current Assets	**1,807,731**	1,316,908
Property and Equipment, Net	**3,799,616**	3,815,051
Investments	**2,419,042**	2,280,202
Total Assets	**$ 8,026,389**	$ 7,412,161

Liabilities and Net Assets

Current Liabilities		
Accounts payable	**$ 17,238**	$ 3,417
Accrued expenses and deferred revenue	**109,707**	50,962
Total Current Liabilities	**126,945**	54,379
Net Assets		
Without Donor Restrictions		
Undesignated	**7,439,167**	6,846,875
Board designated - operating reserve	**230,000**	230,000
Net Assets Without Donor Restrictions	**7,669,167**	7,076,875
With Donor Restrictions	**230,277**	280,907
Total Net Assets	**7,899,444**	7,357,782
Total Liabilities and Net Assets	**$ 8,026,389**	$ 7,412,161

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	Without Donor Restrictions	With Donor Restrictions	Totals	2024
Support, Revenue, and Gains (Losses)				
Contributions:				
General, grants, and government contracts	$ 827,533	478,562	**1,306,095**	$ 2,121,760
United Way of Greater St. Louis	1,476	119,256	**120,732**	133,225
Special events	594,085	-	**594,085**	423,261
In-kind contributions	51,730	-	**51,730**	47,449
Program service fees	95,964	-	**95,964**	77,370
Obedience revenues	65,207	-	**65,207**	74,283
Other Income	138,554	-	**138,554**	25,275
Net interest and dividends	119,099	-	**119,099**	71,992
Realized losses	(1,127)	-	**(1,127)**	(1,491)
Unrealized gains	122,494	-	**122,494**	155,037
Support and Revenue Available	2,015,015	597,818	**2,612,833**	3,128,161
Net assets released from restrictions	648,448	(648,448)	**-**	-
Total Support, Revenue, and Gains	2,663,463	(50,630)	**2,612,833**	3,128,161
Expenses				
Program Services				
Assistance dog program	984,828	-	**984,828**	1,049,434
Outreach program	167,482	-	**167,482**	178,487
Duo Touch Therapy program	377,803	-	**377,803**	340,800
Paws for Reading program	-	-	**-**	36,684
Total Program Services	1,530,113	-	**1,530,113**	1,605,405
Supporting Services				
General and administrative	134,593	-	**134,593**	113,870
Fundraising	295,950	-	**295,950**	267,462
Obedience expenses	110,515	-	**110,515**	100,711
Total Supporting Services	541,058	-	**541,058**	482,043
Total Expenses	2,071,171	-	**2,071,171**	2,087,448
Increase (Decrease) in Net Assets	**592,292**	**(50,630)**	**541,662**	1,040,713
Net Assets, Beginning of Year	**7,076,875**	**280,907**	**7,357,782**	6,317,069
Net Assets, End of Year	**$ 7,669,167**	**230,277**	**7,899,444**	$ 7,357,782

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	Program Services				Supporting Services					
						Fundraising				
	Assistance Dog	Outreach	Duo Touch Therapy Program	Total Program Services	Mgmt. and General	Other	Obedience	Total Supporting Services	Total	2024
Salaries and wages	$ 539,079	123,220	207,129	869,428	103,729	100,253	83,267	287,249	**$ 1,156,677**	$ 1,098,439
Other employee benefits	59,612	13,626	22,905	96,143	11,471	11,086	9,208	31,765	**127,908**	121,187
Payroll taxes	41,190	9,415	15,826	66,431	7,926	7,660	6,362	21,948	**88,379**	85,190
Total salaries and related expenses	639,881	146,261	245,860	1,032,002	123,126	118,999	98,837	340,962	**1,372,964**	1,304,816
Special events	-	-	-	-	-	140,922	-	140,922	**140,922**	142,120
Occupancy	51,508	5,151	38,631	95,290	2,575	2,575	2,575	7,725	**103,015**	88,877
Other	47,495	979	5,410	53,884	490	25,460	490	26,440	**80,324**	146,852
Veterinary fees	53,947	-	-	53,947	-	-	-	-	**53,947**	47,942
Information technology	25,303	2,024	10,121	37,448	1,012	1,012	1,012	3,036	**40,484**	28,030
Professional fees	21,879	1,750	8,751	32,380	875	875	875	2,625	**35,005**	67,881
Insurance	15,598	1,560	11,698	28,856	780	780	780	2,340	**31,196**	27,626
Program supplies	16,828	-	12,717	29,545	-	-	857	857	**30,402**	43,331
Dues and subscriptions	7,657	766	5,743	14,166	383	383	383	1,149	**15,315**	21,863
Bank and credit card charges	5,668	1,295	2,177	9,140	1,090	1,054	875	3,019	**12,159**	12,213
Staff development	6,134	491	2,454	9,079	245	245	245	735	**9,814**	4,134
Printing and copying	3,771	302	1,508	5,581	151	151	151	453	**6,034**	7,945
Volunteer appreciation	4,083	168	337	4,588	337	-	-	337	**4,925**	8,906
Travel and mileage reimbursement	4,509	12	200	4,721	23	-	-	23	**4,744**	4,763
Payroll processing fees	1,864	426	716	3,006	359	347	288	994	**4,000**	3,703
Telephone	2,116	169	846	3,131	85	85	85	255	**3,386**	2,725
Office supplies	988	79	395	1,462	39	39	39	117	**1,579**	1,882
Postage	983	79	393	1,455	39	39	39	117	**1,572**	1,755
Meetings and in-house events	33	3	13	49	1	1	1	3	**52**	1,132
Total Expenses Before Depreciation	910,245	161,515	347,970	1,419,730	131,610	292,967	107,532	532,109	**1,951,839**	1,968,496
Depreciation	74,583	5,967	29,833	110,383	2,983	2,983	2,983	8,949	**119,332**	118,952
Total Expenses	**$ 984,828**	**167,482**	**377,803**	**1,530,113**	**134,593**	**295,950**	**110,515**	**541,058**	**$ 2,071,171**	$ 2,087,448
% of Total Expense	**47.6%**	**8.1%**	**18.2%**	**73.9%**	**6.5%**	**14.3%**	**5.3%**	**26.1%**	**100.0%**	

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025 AND 2024

	June 30, 2025	2024
Cash Flows from Operating Activities		
Change in net assets	**$ 541,662**	$ 1,040,713
Adjustments:		
Donated stock	**(15,346)**	(592)
Depreciation	**119,333**	118,952
Realized and unrealized gain on investments	**(121,367)**	(153,546)
(Increase) decrease in operating assets:		
Contributions receivable:		
Pledges receivable	**(11,474)**	-
Grants receivable	**50,000**	(50,000)
United Way of Greater St. Louis	**6,624**	3,480
Accounts receivable	**(4,275)**	(23,450)
Prepaid expenses and accrued interest	**(1,436)**	15,765
Increase (decrease) in operating liabilities:		
Accounts payable	**13,821**	(2,381)
Accrued expenses and deferred revenue	**58,745**	(26,653)
Net Cash Provided by Operating Activities	**636,287**	922,288
Cash Flows from Investing Activities		
Purchase of investments	**(66,345)**	(898,776)
Proceeds from sale of investments	**64,218**	116,805
Purchase of property and equipment	**(103,898)**	1,621
Net Cash Used by Investing Activities	**(106,025)**	(780,350)
Net Increase in Cash and Cash Equivalents	**530,262**	141,938
Cash and cash equivalents, beginning of year	**1,133,438**	991,500
Cash and Cash Equivalents, End of Year	**$ 1,663,700**	$ 1,133,438

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

BUSINESS DESCRIPTION

Duo Dogs, Inc. (**Duo**), a nonprofit organization, was founded to help people with special needs achieve an improved quality of life through the use of assistance dogs. Through the services of a specially trained dog, coupled with a comprehensive educational program in the use of such a dog, the person with disabilities can achieve a more independent lifestyle and thus develop a better sense of self-worth and competency. Duo also provides pet-assisted therapy through the Duo Touch Therapy Program and educational programs, including the Paws for Reading Program, to thousands of individuals in the St. Louis Metropolitan area.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The accompanying financial statements have been prepared on the accrual basis in accordance with U.S. generally accepted accounting principles.

Comparative Totals
The 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. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Financial Statement Presentation
Duo reports its information regarding financial position and activities according to the following net asset classifications:

> ***Net assets without donor restrictions***
> Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of Duo. These net assets may be used at the discretion of Duo's management and Board of Directors.
>
> ***Net assets with donor restrictions***
> Net assets subject to stipulation imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Duo or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As described in Note 9, Duo received a permanently restricted endowment to provide funding for the Duo Touch Therapy program.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statement of Activities.

Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires Duo to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Program Services and Supporting Activities

Program Services

Assistance Dog Program

Duo trains a variety of assistance dogs to meet several segments of the population.

Service Dogs - Dogs trained to complete mobility-related tasks for someone with a physical disability or dogs trained to support local Veterans living with PTSD.

Facility Dogs - Dogs trained and placed with a facility that works with "at risk" populations.

Hearing Dogs - Dogs trained and placed with someone who is deaf or hard of hearing.

Courthouse Facility Dogs - Dogs are placed with individuals who work with children and adults who have been mentally, physically, and/or sexually abused. The dogs are used as part of the forensic interview process to help gather information from the victim. If necessary, the dog will accompany the victim to court if testimony is needed.

Duo Touch Therapy Program

Duo provides training and certification to volunteers and their personal dogs to visit partner facilities in which the patients or residents can benefit from a visit with a well-trained canine. Paws for Reading teams visit classroom or library settings acting as an incentive for the children to increase time spent reading and improve their reading skills. Duo Response Dogs provide comfort and emotional support in the aftermath of a crisis.

Outreach Program

Part of the mission of Duo is to educate the community about assistance dogs and the programs offered.

Supporting Activities

Management and General

Includes the functions necessary to maintain an equitable employment program, ensure an adequate working environment, provide coordination and articulation of Duo's program strategy, and manage Duo's financial and budgetary responsibilities.

Fundraising Activities

Provide the structure necessary to encourage and secure private financial support from corporations, foundations, and individuals in the form of gifts as well as support of fundraising events and capital campaigns.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, Duo considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts and Contributions Receivable
Duo reports accounts receivable for services provided at net receivable amounts. Duo recognizes the full amount of the pledges received in the period that they were made as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

Duo actively pursues past due accounts and provides an allowance for doubtful accounts based on historical experience and management's analysis of the current status of existing receivables. Duo considers any receivables older than 30 days to be past due. At June 30, 2025 and 2024, Duo considered all accounts and contributions receivable to be fully collectable; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectable, they will be charged to operations when that determination is made.

Property and Equipment
Property and equipment are carried at cost. Contributed property and equipment are recorded at fair value at the date of donation. Major renewals and betterments are capitalized to the property accounts while maintenance and repairs, which do not improve or extend the lives of the respective assets, are expensed as incurred. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets. Leasehold improvements are amortized using the straight-line method over the remaining terms of the leases.

Valuation of Investments and Income Recognition
Duo's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Duo presents, in the Statement of Activities, net interest and dividends, which consists of the dividend and interest income net of investment fees.

Contributions
All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give cash and other assets are accrued at estimated fair value at the date each promise is received. Gifts are reported as restricted support if they are received with donor-imposed restrictions that limit the use of the donated assets. When a donor-imposed restriction is satisfied, restricted net assets are released and reported as an increase in net assets without donor restrictions.

Revenue and Revenue Recognition
Duo receives revenue from program service fees, obedience classes, grants, contributions, and ticket sales from special events. Duo recognizes revenue from program service fees and obedience classes during the period in which the related services are provided. Payments received in advance of the period in which services are provided, including deposits, are deferred to the applicable period.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition
Duo recognizes contributions and grants when cash, securities or other assets, unconditional promises to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. There were no conditional promises to give for the years ended June 30, 2025 and 2024.

Duo recognizes revenue from ticket sales during the period in which the special event takes place.

Donated Consumables and Services
Contributed services and materials are recorded at the estimated fair value if they enhance Duo's non-financial assets or are specialized skills that Duo would normally purchase if not provided by donation. During the years ended June 30, 2025 and 2024, volunteers donated approximately 260,585 and 287,702 hours, respectively, to Duo's program services and its fundraising which did not meet the accounting standards to record as contributions and thus are not reflected in the accompanying financial statements. Duo considers the Volunteer Puppy Raisers to donate 24 hours of every day for the entire year caring for Duo's assistance dogs in training, alleviating Duo from finding alternative cost options for the puppies.

Functional Expenses
The costs of Duo's programs and supporting services have been reported on a functional basis. Expenses that can be identified with a specific program and supporting services are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated based on estimates made by management. Expenses are allocated based on direct costs or time & effort.

Advertising Costs
Duo uses advertising to promote its programs among the audience it serves. Advertising costs are expensed as incurred. Advertising expense was $2,400 and $10,439 for the years ended June 30, 2025 and 2024, respectively.

Income Tax Status
Duo Dogs, Inc. is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. Duo has evaluated its tax positions, expiring tax statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings, and believes that no provision for income taxes is necessary, at this time, to cover any uncertain tax positions. Duo's Returns of Organization Exempt from Income Tax (Form 990s) are subject to examination, generally for three years after they are filed. No informational returns have been selected for examination as of October 20, 2025.

Subsequent Events
Duo has evaluated subsequent events through October 20, 2025, the date which the financial statements were available to be issued, for possible recognition or disclosure.

NOTE 2 AVAILABILITY AND LIQUIDITY

Duo's financial assets available within one year of the Statement of Financial Position date for general expenditures are as follows:

	June 30,	
	2025	2024
Financial assets at year end:		
Cash and cash equivalents	**$ 1,663,700**	$ 1,133,438
Contributions and grants receivable	**71,102**	116,252
Accounts receivable	**48,225**	43,950
Investments	**2,419,042**	2,280,202
Total Financial Assets	**4,202,069**	3,573,842
Less amounts not available to be used within one year:		
Board designated funds	**230,000**	230,000
Net assets with donor restrictions	**230,277**	280,907
Less net assets with time and purpose restrictions to be met in less than one year	**(80,277)**	(130,907)
Total amounts not available to be used within one year	**380,000**	380,000
Financial assets available to meet general expenditures over the next twelve months	**$ 3,822,069**	$ 3,193,842

Duo is substantially supported by grants and contributions with and without donor restrictions. Because a donor's restriction requires resources to be used in a manner or in a future period, Duo must maintain sufficient resources to meet those responsibilities to the donors. As part of Duo's liquidity management, the policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Duo invests cash more than daily requirements in short-term investments. Duo's Board has designated a portion of its unrestricted resources. All board designated funds can be made available to meet operating needs if necessary. Duo could also draw upon a $500,000 available line of credit (as discussed in Note 6).

NOTE 3 CONCENTRATIONS OF CASH AND CREDIT RISK

Financial instruments that potentially subject Duo to credit and market risk consist principally of cash, receivables, and investments.

Duo places all of its temporary cash investments with major financial institutions and, by policy, attempts to limit the amount of credit exposure at any one financial institution. Cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 under the FDIC's general deposit insurance rules. At times, balances may exceed coverage limits. At June 30, 2025 and 2024, cash balances exceeded FDIC limits by approximately $592,410 and $15,500, respectively.

Concentrations of credit risk with respect to receivables are limited due to the nature of these receivables.

Duo also has a significant number of investments in securities held by a brokerage firm. Investments are insured by the Securities Investor Protection Corporation (SIPC), which protects investors from exposure of losing cash and securities, up to $500,000. In addition to the SIPC, Duo has additional security protection through Lloyd's of London up to $150 million.

NOTE 4 PROPERTY AND EQUIPMENT

	June 30, 2025	2024
Land	**$ 699,369**	$ 699,369
Building	**3,672,207**	3,672,207
Building improvements	**207,916**	207,916
Training equipment	**14,099**	14,099
Office furniture and fixtures	**214,441**	208,045
CIP - Board Room	**17,960**	-
CIP - Website	**79,542**	-
Property and equipment at cost	**4,905,534**	4,801,636
Less accumulated depreciation	**(1,105,918)**	(986,585)
Property and Equipment, Net	**$ 3,799,616**	$ 3,815,051

Depreciation expense was $119,333 and $118,952 for the years ended June 30, 2025 and 2024, respectively.

NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS

Financial accounting standards establish 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 inputs) and the lowest priority to unobservable inputs (level 3 inputs).

The three levels of the fair value hierarchy under the standards are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include:

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

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are significant unobservable inputs.

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.

NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a description of the valuation methodologies used for assets measured at fair value.

Fixed Income – issued at a discount from the face value and mature at full value usually in a year or less.

Mutual Funds – valued at daily closing price reported on the principal active market on which the mutual fund is traded.

Exchange Traded Funds – Valued at quoted prices in active markets in which the individual security is traded. When quoted prices are not available fair value is determined using a valuation model.

The inputs or methodologies used for valuing investments may not be an indication of the risk associated with investing in those securities. Furthermore, management believes its valuation methods are appropriate and consistent. The use of different methodologies or assumptions could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, Duo's assets that are measured at fair value at:

		Fair Value Measurements at Reporting Date Using		
Description	**Total**	**Level 1**	**Level 2**	**Level 3**
June 30, 2025				
Fixed income	$ 699,452	699,452	-	$ -
Mutual funds	1,396,175	1,396,175	-	-
Exchange traded funds	323,415	323,415	-	-
Total	**$ 2,419,042**	**2,419,042**	**-**	**$ -**
June 30, 2024				
Fixed income	$ 738,516	738,516	-	$ -
Mutual funds	1,251,123	1,251,123	-	-
Exchange traded funds	290,563	290,563	-	-
Total	$ 2,280,202	2,280,202	-	$ -

NOTE 6 LINE OF CREDIT

In November 2018, Duo entered into a line of credit agreement that provides for maximum borrowings of $500,000. The line of credit was renewed in November 2024 and matures in November 2025. There were no borrowings under this line of credit at June 30, 2025 and 2024.

NOTE 7 EMPLOYEE RETENTION CREDIT

The CARES Act provided an employee retention credit (ERC), which was initially a refundable tax credit against certain employment taxes of up to $5,000 per employee for eligible employers. The tax credit was equal to 50% of qualified wages paid to employees during a quarter, capped at $10,000 of qualified wages per employee through December 31, 2020. Subsequent ERC provisions were passed by the United States government, which extended and slightly expanded the qualified wage caps on these credits through September 30, 2021. Based on these additional provisions, the tax credit was equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee was increased to $10,000 of qualified wages per quarter during 2021. During the year ended June 30, 2023, the Duo filed for credits of $268,074, which represent refunds due for the quarters ending June 30, 2020 through September 30, 2021. During the year ended June 30, 2023, the Organization received $170,785. During the year ended June 30, 2025, Duo received the remaining amount of $97,289 with interest of $15,185.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

The following contributions with donor restrictions were received during the years ended:

	June 30,	
	2025	2024
Time restrictions	**$ 119,256**	$ 132,507
Purpose restrictions	**478,562**	485,908
Total	**$ 597,818**	$ 618,415

Net assets were released from donor-imposed restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors as follows during the years ended:

	June 30,	
	2025	2024
Time restrictions met	**$ 125,880**	$ 135,987
Purpose restrictions met	**522,568**	435,768
Total	**$ 648,448**	$ 571,755

Net assets with donor restrictions were available for the following purposes:

	June 30,	
	2025	2024
Time restrictions	**$ 59,628**	$ 66,252
Purpose restrictions	**20,649**	64,655
Restricted endowment	**150,000**	150,000
Total	**$ 230,277**	$ 280,907

NOTE 9 ENDOWMENT FUND

In 2013, Duo received a $150,000 donor restricted endowment established to provide funding for Duo Touch Therapy program. The endowment fund is restricted indefinitely. There were no changes in endowment net assets for the years ended June 30, 2025 and 2024. The donor restricted endowment is included in net assets with donor restrictions on the Statement of Financial Position.

Interpretation of Relevant Law
The Board of Directors of Duo has interpreted State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Duo classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with SPMIFA, Duo considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of Duo and the donor restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of Duo.
7. The investment policies of Duo.

Strategies Employed for Achieving Objectives
To satisfy its long-term rate-of-return objectives, Duo relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Duo targets a diversified asset allocation that reflects a combination of return-seeking assets and risk-mitigating assets to achieve its long-term return objectives with prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy.
Duo has a policy of distributing gains to the extent the then-current market value of the fund principal exceeds the historical dollar value of the gift less any distributions of principal allowed under the terms of the gift, unless otherwise specified by the donor. In establishing this policy, Duo considered the long-term expected return on its endowment. Accordingly, Duo expects the current spending policy to allow its endowment to grow over the long-term. This is consistent with Duo's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new contributions and investment return.

NOTE 10 CONTRIBUTED SERVICES, MATERIALS, AND EQUIPMENT

Significant qualifying services, materials, and equipment are contributed to Duo annually and are recorded at fair value upon receipt. For the years ended June 30, 2025 and 2024, Duo recognized in-kind support as follows:

	Years Ended June 30,	
	2025	2024
Donated stock	**$ 15,346**	$ 592
Fundraising events	**24,970**	32,183
Supplies and merchandise	**11,414**	14,674
Total	**$ 51,730**	$ 47,449