DUO DOGS, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

DUO DOGS, INC. AND SUBSIDIARY

JUNE 30, 2020

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Kiefer | Bonfanti & Co. LLP
Certified Public Accountants & Business Advisors

701 Emerson Road, Suite 201
St. Louis, MO 63141
314.812.1100
kieferbonfanti.com

EIDE BAILLY ALLIANCE
MEMBER FIRM

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of **Duo Dogs, Inc. and Subsidiary** (a not-for-profit corporation), which comprise the consolidated statements of financial position as of June 30, 2020, and the related consolidated 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of **Duo Dogs, Inc. and Subsidiary** as of June 30, 2020, and the changes in their net assets and their cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Report on Summarized Comparative Information

We have previously audited the Duo Dogs, Inc., and Subsidiary's consolidated financial statements for the year ended June 30, 2019, and our report dated November 24, 2019, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 12 to the financial statements, Duo Dogs, Inc. and Subsidiary have been impacted by the effects of the world-wide coronavirus pandemic. Our opinion is not modified with respect to that matter.

Kiefer Bonfanti & Co. LLP

St. Louis, Missouri
December 15, 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(WITH COMPARATIVE CONSOLIDATED TOTALS FOR 2019)

Assets

	June 30, 2020	June 30, 2019
Current Assets		
Cash and cash equivalents	**$ 720,202**	$ 419,048
Contributions receivable:		
Pledges receivable	**20,000**	204,663
United Way of Greater St. Louis	**66,252**	68,611
Accounts receivable	**7,390**	3,625
Prepaid expenses	**15,889**	18,126
Accrued interest	**256**	278
Total Current Assets	**829,989**	714,351
Contributions Receivable - Long-Term, Net of Discounts	**18,974**	-
Property and Equipment, Net	**4,189,908**	4,309,154
Investments	**1,019,416**	933,098
Total Assets	**$ 6,058,287**	$ 5,956,603

Liabilities and Net Assets

	June 30, 2020	June 30, 2019
Current Liabilities		
Accounts payable	**$ 12,984**	$ 2,471
Accrued expenses	**36,351**	56,157
Paycheck Protection Program (PPP) loan	**163,342**	-
Deferred revenue	**-**	8,570
Total Current Liabilities	**212,677**	67,198
Net Assets		
Without Donor Restrictions		
Undesignated	**5,335,436**	5,226,409
Board designated - operating reserve	**230,000**	230,000
Net Assets Without Donor Restrictions	**5,565,436**	5,456,409
With Donor Restrictions	**280,174**	432,996
Total Net Assets	**5,845,610**	5,889,405
Total Liabilities and Net Assets	**$ 6,058,287**	$ 5,956,603

CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE CONSOLIDATED TOTALS FOR 2019)

	Without Donor Restrictions	With Donor Restrictions	Totals	2019
Support, Revenue and Gains				
Contributions:				
General, grants, and government contracts	$ 473,931	176,110	**$ 650,041**	$ 585,244
United Way of Greater St. Louis	2,736	132,507	**135,243**	138,627
Special events	494,288	-	**494,288**	486,077
In-kind contributions	30,978	-	**30,978**	136,742
Program service fees	50,716	-	**50,716**	64,597
Obedience revenues	39,168	-	**39,168**	61,323
Other revenue	20,220	-	**20,220**	47,660
Interest and dividends	32,598	-	**32,598**	32,356
Unrealized gains (losses)	(241)	-	**(241)**	28,496
Realized losses	(1,127)		**(1,127)**	(6,585)
Support and Revenue Available	**1,143,267**	**308,617**	**1,451,884**	1,574,537
Net assets released from restrictions	461,439	(461,439)	**-**	-
Total Support, Revenue and Gains	**1,604,706**	**(152,822)**	**1,451,884**	1,574,537
Expenses				
Program Services				
Assistance dog program	842,461	-	**842,461**	886,401
TOUCH program	131,607	-	**131,607**	98,096
PAWS for Reading program	39,984	-	**39,984**	38,006
Outreach program	89,452	-	**89,452**	131,716
Total Program Services	**1,103,504**	**-**	**1,103,504**	1,154,219
Supporting Services				
General and administrative	135,915	-	**135,915**	128,666
Obedience expenses	89,296	-	**89,296**	66,406
Fundraising	166,964	-	**166,964**	130,668
Total Supporting Services	**392,175**	**-**	**392,175**	325,740
Total Expenses	**1,495,679**	**-**	**1,495,679**	1,479,959
Change in Net Assets	**109,027**	**(152,822)**	**(43,795)**	94,578
Net Assets, Beginning of Year	**5,456,409**	**432,996**	**5,889,405**	5,794,827
Net Assets, End of Year	**$ 5,565,436**	**280,174**	**$ 5,845,610**	$ 5,889,405

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE CONSOLIDATED TOTALS FOR 2019)

	Program Services					Supporting Services					
			PAWS for		Total	Mgmt.	Fundraising		Total		
	Assistance Dog	TOUCH Program	Reading Program	Outreach	Program Services	and General	Obedience Classes	Other	Supporting Services	Total	2019
Salaries and wages	$ 333,953	82,847	14,096	53,524	484,420	98,898	61,765	7,970	168,633	**$ 653,053**	$ 661,791
Payroll taxes	24,581	6,098	1,038	3,940	35,657	7,280	4,546	587	12,413	**48,070**	52,198
Other employee benefits	50,385	12,499	2,127	8,075	73,086	14,921	9,319	1,202	25,442	**98,528**	64,284
Total salaries and related expenses	408,919	101,444	17,261	65,539	593,163	121,099	75,630	9,759	206,488	**799,651**	778,273
Special events	-	-	-	-	-	-	-	146,043	146,043	**146,043**	112,218
Professional fees	112,382	7,250	7,250	7,250	134,132	3,625	3,625	3,625	10,875	**145,007**	101,926
Depreciation	92,414	5,963	5,963	5,963	110,303	2,981	2,981	2,981	8,943	**119,246**	114,817
Other	54,168	5,289	1,538	1,538	62,533	769	1,581	769	3,119	**65,652**	78,306
Occupancy	49,680	3,205	3,205	3,205	59,295	1,603	1,603	1,603	4,809	**64,104**	102,634
Veterinary fees	34,965	-	-	-	34,965	-	-	-	-	**34,965**	39,884
Bank and credit card charges, and investment fees	8,658	2,148	365	1,388	12,559	2,564	1,601	207	4,372	**16,931**	21,975
Information technology	12,770	824	824	824	15,242	412	412	412	1,236	**16,478**	12,464
Insurance	11,871	766	766	766	14,169	383	383	383	1,149	**15,318**	16,577
Printing and copying	8,495	548	548	548	10,139	274	274	274	822	**10,961**	4,936
Staff development	7,735	499	499	499	9,232	250	250	250	750	**9,982**	8,377
Travel and mileage reimbursement	8,611	207	28	28	8,874	56	-	-	56	**8,930**	12,321
Volunteer appreciation	6,423	428	428	428	7,707	856	-	-	856	**8,563**	7,748
Office supplies	6,105	394	394	394	7,287	197	197	197	591	**7,878**	13,026
Telephone	5,799	374	374	374	6,921	187	187	187	561	**7,482**	5,389
Meetings and in-house events	4,995	322	322	322	5,961	161	161	161	483	**6,444**	10,296
Program supplies	4,597	1,436	-	-	6,033	-	70	-	70	**6,103**	28,760
Payroll processing fees	1,416	351	60	227	2,054	419	262	34	715	**2,769**	3,747
Postage	1,489	96	96	96	1,777	48	48	48	144	**1,921**	2,367
Dues and subscriptions	969	63	63	63	1,158	31	31	31	93	**1,251**	3,918
Total	**$ 842,461**	**131,607**	**39,984**	**89,452**	**1,103,504**	**135,915**	**89,296**	**166,964**	**392,175**	**$ 1,495,679**	$ 1,479,959
% of Total Expense	**56.3%**	**8.8%**	**2.7%**	**6.0%**	**73.8%**	**9.1%**	**6.0%**	**11.1%**	**26.2%**	**100.0%**	

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE CONSOLIDATED TOTALS FOR 2019)

	June 30, 2020	2019
Cash Flows from Operating Activities		
Increase (decrease) in net assets	**$ (43,795)**	$ 94,578
Adjustments:		
Donated stock	**(21,443)**	(114,023)
Depreciation	**119,246**	114,817
Realized and unrealized (gain) loss on investments	**1,368**	(21,911)
(Increase) decrease in operating assets:		
Contributions receivable:		
United Way of Greater St. Louis	**2,359**	1,475
Pledges receivable	**165,689**	(14,300)
Accounts receivable	**(3,765)**	6,675
Prepaid expenses	**2,237**	2,420
Accrued interest	**22**	219
Increase (decrease) in operating liabilities:		
Accounts payable	**10,513**	(55,023)
Accrued expenses	**(19,806)**	13,759
Deferred revenue	**(8,570)**	920
Net Cash Provided by Operating Activities	**204,055**	29,606
Cash Flows from Investing Activities		
Purchase of property and equipment	**-**	(91,532)
Purchase of investments	**(230,828)**	(324,958)
Proceeds from sale of investments	**164,585**	190,196
Net Cash Used by Investing Activities	**(66,243)**	(226,294)
Cash Flows from Financing Activities		
Proceeds from Paycheck Protection Program (PPP) loan	**163,342**	-
Net Cash Provided by Financing Activities	**163,342**	-
Net Increase (Decrease) in Cash and Cash Equivalents	**301,154**	(196,688)
Cash and cash equivalents, beginning of year	**419,048**	615,736
Cash and Cash Equivalents, End of Year	**$ 720,202**	$ 419,048

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Description and Principles of Consolidation
Duo Dogs, Inc. (**Duo**), a not-for-profit corporation, 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 disabled person can achieve a more independent life style and thus develop a better sense of self-worth and competency. **Duo** also provides pet-assisted therapy through the TOUCH Program and educational programs, including the PAWS For Reading Program, to thousands of individuals in the St. Louis Metropolitan area.

Stormy Maze Holdings, LLC (**SMH**) is a wholly-owned subsidiary of **Duo**. **SMH** owns the office and training facility used by **Duo**.

The accompanying financial statements at June 30, 2020 and the summarized comparative information at June 30, 2019 and for the years then ended consolidate the financial positions, activities, functional expenses and cash flows of **Duo** and **SMH** (collectively, the Organization). All intercompany transactions have been eliminated in the consolidations.

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

Comparative Consolidated Totals
The consolidated financial statements include certain prior year summarized comparative consolidated 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 consolidated financial statements for the year ended June 30, 2019, from which the summarized consolidated information was derived.

Financial Statement Presentation
The Organization 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 the Organization. These net assets may be used at the discretion of the Organization'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 the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. As described in Note 10, the Organization received a permanently restricted endowment to provide funding for the Organization's TOUCH therapy dog teams.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

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

Description of Program Service 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.

Facility Dogs - Dogs trained and placed with an individual who is an employee of 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.

TOUCH Program

Duo provides certification to volunteers and their own dogs to visit facilities in which the patients or residents can benefit from a visit with a well-trained canine.

PAWS for Reading Program

Duo places dogs in a classroom or library setting in the St. Louis Metropolitan area. The dogs act as an incentive for the children to read more and to read better.

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 the Organization’s program strategy and manage the financial and budgetary responsibilities of the Organization.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Program Service and Supporting Activities (Continued)

Risks and Uncertainties
Financial instruments that potentially subject the Organization to credit and market risk consist principally of cash, receivables and investments.

The Organization places all cash and cash equivalents and investments with major financial institutions and, by policy, attempts to limit the amount of credit exposure at any one financial institution. **Duo's** cash deposits in financial institutions are insured by FDIC insurance, which is subject to certain limitations and conditions.

Duo also has a significant amount of investments in marketable securities that are therefore subject to market risk. Market risk is the possibility that future changes in market price may make a financial instrument less valuable. Concentrations of credit risk with respect to receivables are limited due to the nature of these receivables.

Cash and Cash Equivalents
For purposes of the statement of cash flows the Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Accounts and Contributions Receivable
The Organization reports accounts receivable for services provided at net receivable amounts. The Organization 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.

The Organization 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. The Organization considers any receivables older than 30 days to be past due. At June 30, 2020 and 2019, the Organization 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 6 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 investment income, which consists of the dividend and interest income (net of investment fees), realized gains (losses) and unrealized appreciation (depreciation) on those investments.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. However, if the restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as net assets without donor restrictions.

Revenue and Revenue Recognition

The Organization receives revenue from program service fees, obedience classes, grants, contributions and ticket sales from special events. The Organization 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.

The Organization 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, 2020 and 2019.

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

Adoption of New Accounting Standard

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, “*Revenue from Contracts with Customers (Topic 606)*” and ASU 2018-08, "*Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*". The ASUs replaced most existing revenue recognition guidance in U.S. GAAP.

The Organization has completed its evaluation of the impact of adopting ASU No. 2014-09 and ASU No. 2018-08 on the financial statements and internal revenue recognition policies. The Organization adopted the ASUs on July 1, 2019, using the modified retrospective approach. The Organization concluded that the adoption of the new standards did not require an adjustment to the opening net assets balance.

Donated Consumables and Services

Contributed services and materials are recorded at the estimated fair value if they enhance the Organization’s non-financial assets or are specialized skills that the Organization would normally purchase if not provided by donation. During the years ended June 30, 2020 and 2019, volunteers donated approximately 466,864 and 560,098 hours, respectively to the Organization’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. The Organization considers the Volunteer Puppy Raisers to donate every hour of every day for the entire year caring for our assistance dogs in training, alleviating the Organization from finding alternative cost options for the puppies.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and wages	Direct costs, time and effort
Payroll taxes	Direct costs, time and effort
Other employee benefits	Direct costs, time and effort
Depreciation	Time and effort
Special events	Direct costs
Occupancy	Time and effort
Professional fees	Time and effort
Other	Direct costs, time and effort
Veterinary fees	Direct costs
Program supplies	Direct costs
Bank and credit card charges, and investment fees	Direct costs, time and effort
Insurance	Time and effort
Office supplies	Time and effort
Information technology	Time and effort
Travel and mileage reimbursement	Direct costs, time and effort
Meetings and in-house events	Time and effort
Staff development	Time and effort
Volunteer appreciation	Time and effort
Telephone	Time and effort
Printing and copying	Time and effort
Dues and subscriptions	Time and effort
Payroll processing fees	Direct costs, time and effort
Postage	Time and effort
Interest expense	Direct costs, time and effort
Loss on unamortized loan fees	Direct costs, time and effort

Advertising Costs

Duo uses advertising to promote its programs among the audience it serves. Advertising costs are expensed as incurred.

Income Tax Status

Duo Dogs, Inc. is a not-for-profit 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. Stormy Maze Holdings, LLC is a disregarded entity for tax purposes and therefore, assumes the tax status of **Duo**. Accordingly, no provision for income taxes has been included in the accompanying consolidated financial statements. The Organization 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. The Organization's Returns of Organization Exempt from Income Tax (Form 990s) are subject to examination, generally for three years after they are filed. As of December 15, 2020, no informational returns have been selected for examination.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The Organization has evaluated subsequent events through December 15, 2020, the date which the financial statements were available to be issued, for possible recognition or disclosure.

NOTE 2 AVAILABILITY AND LIQUIDITY

The Organization's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

	June 30,	
	2020	2019
Financial assets at year end:		
Cash and cash equivalents	**$ 720,202**	$ 419,048
Contributions receivable	**105,226**	273,274
Accounts receivable	**7,390**	3,625
Investments	**1,019,416**	933,098
Total Financial Assets	**1,852,234**	1,629,045
Less amounts not available to be used within one year:		
Board designated funds	**230,000**	230,000
Net assets with donor restrictions	**280,174**	432,996
Less net assets with time and purpose restrictions to be met in less than one year	**(130,174)**	(282,996)
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	**$ 1,472,234**	$ 1,249,045

The Organization 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, the Organization must maintain sufficient resources to meet those responsibilities to the donors. As part of the Organization's liquidity management, the policy is to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. The Organization invests cash more than daily requirements in short-term investments. The Organization's board has designated a portion of its unrestricted resources. All board designated funds can be made available to meet operating needs if necessary. The Organization could also draw upon a $500,000 available line of credit (as discussed in Note 7).

NOTE 3 CONCENTRATIONS OF CASH AND CREDIT RISK

The Organization 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, 2020, cash balances exceeded FDIC limits by $14,897. At June 30, 2019, cash balances did not exceed FDIC limits.

NOTE 4 CONTRIBUTIONS RECEIVABLE

At June 30, 2020, contributions receivable are expected to be collected in the following periods:

Years Ending June 30,	
2021	**$ 86,252**
2022	**20,000**
	106,252
Less discounts to net present value	**(1,026)**
Contributions Receivable, Net of Discounts	**$ 105,226**

NOTE 5 PROPERTY AND EQUIPMENT

	June 30,	
	2020	2019
Land	**$ 699,369**	$ 699,369
Building	**3,672,207**	3,672,207
Building improvements	**180,628**	180,628
Training equipment	**14,099**	14,099
Office furniture and fixtures	**141,123**	141,123
Property and equipment at cost	**4,707,426**	4,707,426
Less accumulated depreciation	**(517,518)**	(398,272)
Property and Equipment, Net	**$ 4,189,908**	$ 4,309,154

Depreciation expense was $119,246 and $114,817 for the years ended June 30, 2020 and 2019, respectively.

NOTE 6 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.

NOTE 6 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

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.

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

Certificates of Deposit - valued at the principal plus accrued interest. The market value of a CD will vary depending on current interest rates, the length of maturity, and other special features of the CD.

U.S. Treasury Bills - valued at quoted prices in active markets in which the individual investment is traded.

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.

NOTE 6 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Organization'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, 2020				
Certificates of deposit	$ 187,790	-	187,790	-
Mutual funds	737,488	737,488	-	-
Exchange traded funds	94,138	94,138	-	-
Total	**$ 1,019,416**	**831,626**	**-**	**-**
June 30, 2019				
Certificates of deposit	$ 181,953	-	181,953	-
U.S. treasury bills	79,606	79,606	-	-
Mutual funds	598,719	598,719	-	-
Exchange traded funds	72,820	72,820	-	-
Total	$ 933,098	751,145	181,953	-

NOTE 7 LINE OF CREDIT

In November 2018, the Organization entered into a line of credit agreement that provides for maximum borrowings of $500,000. The line of credit matures in November 2021. There were no borrowings under this line of credit at June 30, 2020 and 2019.

NOTE 8 PAYCHECK PROTECTION PROGRAM (PPP) LOAN

In April 2020, the Organization applied for and was granted a $163,342 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The loan accrues interest, but payments are not required until the final amount of the loan is determined by the SBA. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

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

	June 30,	
	2020	2019
Time restrictions	**$ 132,507**	$ 136,649
Purpose restrictions	**176,110**	131,526
Total	**$ 308,617**	$ 268,175

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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, 2020	June 30, 2019
Time restrictions met	**$ 134,866**	$ 138,124
Purpose restrictions met	**326,573**	131,506
Total	**$ 461,439**	$ 269,630

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

	June 30, 2020	June 30, 2019
Time restrictions	**$ 66,252**	$ 68,611
Purpose restrictions	**63,922**	214,385
Restricted endowment	**150,000**	150,000
Total	**$ 280,174**	$ 432,996

NOTE 10 DISCLOSURES OF ENDOWMENT FUND

In 2013, Duo received a $150,000 donor restricted endowment established to provide funding for TOUCH therapy dog teams. The endowment fund is restricted indefinitely. There were no changes in endowment net assets for the year ended June 30, 2020. The donor restricted endowment is included in Net Assets with Donor Restrictions on the Consolidated 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 the Organization 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 the Organization.
7. The investment policies of the Organization.

NOTE 10 DISCLOSURES OF ENDOWMENT FUND (CONTINUED)

Strategies Employed for Achieving Objectives
To satisfy its long-term rate-of-return objectives, the Organization 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). The Organization 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.
The Organization 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, the Organization considered the long-term expected return on its endowment. Accordingly, the Organization expects the current spending policy to allow its endowment to grow over the long-term. This is consistent with the Organization'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 11 CONTRIBUTED SERVICES, MATERIALS AND EQUIPMENT

Significant qualifying services, materials and equipment are contributed to the Organization annually and are recorded at fair value upon receipt. For the years ended June 30, 2020 and 2019, the Organization recognized in-kind support as follows:

	Years Ended June 30,	
	2020	2019
Donated stock	**$ 21,443**	$ 114,023
Fundraising events	**7,063**	13,402
Equipment	**1,372**	6,601
Supplies and merchandise	**1,100**	2,716
Total	**$ 30,978**	$ 136,742

NOTE 12 COVID-19

On March 11, 2020, the World health organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. declared a state of emergency. It is anticipated that these impacts will continue for some time. The Organization has experienced material impacts to its operations including the cancellation of services. Future potential impacts may include additional cancellations of services and employees' ability to work. The future effects of these pandemic related issues are unknown.

SUPPLEMENTAL SCHEDULE

Kiefer | Bonfanti & Co. LLP
Certified Public Accountants & Business Advisors

701 Emerson Road, Suite 201
St. Louis, MO 63141
314.812.1100
kieferbonfanti.com

EIDE BAILLY ALLIANCE
MEMBER FIRM

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

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

We have audited the financial statements of **Duo Dogs, Inc. and Subsidiary** as of and for the year ended June 30, 2020, and have issued our report thereon dated December 15, 2020, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Consolidating Statement of Financial Position and Consolidating Statement of Activities are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Kiefer Bonfanti & Co. LLP

St. Louis, Missouri
December 15, 2020

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

Assets

	Duo Dogs, Inc.	Stormy Maze Holdings, LLC	Eliminations	Total
Current Assets				
Cash and cash equivalents	$ 720,202	-	-	**$ 720,202**
Contributions receivable:				
Pledges receivable	20,000	-	-	**20,000**
United Way of Greater St. Louis	66,252	-	-	**66,252**
Other receivables:				
Accounts receivable	7,390	-	-	**7,390**
Due from Stormy Maze Holdings, LLC	4,425,029	-	(4,425,029)	**-**
Prepaid expenses	15,889	-	-	**15,889**
Accrued interest	256	-	-	**256**
Total Current Assets	5,255,018	-	(4,425,029)	**829,989**
Contributions Receivable - Long-Term, Net of Discounts	18,974	-	-	**18,974**
Property and Equipment, Net	242,048	3,947,860	-	**4,189,908**
Investments	1,019,416	-	-	**1,019,416**
Total Assets	**$ 6,535,456**	**3,947,860**	**(4,425,029)**	**$ 6,058,287**

Liabilities and Net Assets

	Duo Dogs, Inc.	Stormy Maze Holdings, LLC	Eliminations	Total
Current Liabilities				
Accounts payable	$ 12,984	-	-	**$ 12,984**
Accrued expenses	36,351	-	-	**36,351**
Paycheck Protection Program (PPP) loan	163,342	-	-	**163,342**
Due to Support Dogs, Inc.	-	4,425,029	(4,425,029)	**-**
Total Current Liabilities	212,677	4,425,029	(4,425,029)	**212,677**
Net Assets				
Without Donor Restrictions:				
Undesignated	5,812,605	(477,169)	-	**5,335,436**
Board designated - operating reserve	230,000	-	-	**230,000**
With Donor Restrictions	280,174	-	-	**280,174**
Total Net Assets	6,322,779	(477,169)	-	**5,845,610**
Total Liabilities and Net Assets	**$ 6,535,456**	**3,947,860**	**(4,425,029)**	**$ 6,058,287**

CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	Duo Dogs, Inc.	Stormy Maze Holdings, LLC	Totals
Support, Revenue and Gains			
Contributions:			
General, grants, and government contracts	$ 650,041	-	**$ 650,041**
United Way of Greater St. Louis	135,243	-	**135,243**
Program service fees	50,716	-	**50,716**
Obedience revenues	39,168	-	**39,168**
Special events	494,288	-	**494,288**
In-kind contributions	30,978	-	**30,978**
Realized loss	(1,127)	-	**(1,127)**
Unrealized loss	(241)	-	**(241)**
Other revenue	20,220	-	**20,220**
Interest and dividends	32,598	-	**32,598**
Total Support, Revenue and Gains	1,451,884	-	**1,451,884**
Expenses			
Program Services			
Assistance dog program	842,461	-	**842,461**
TOUCH program	131,607	-	**131,607**
PAWS for Reading program	39,984	-	**39,984**
Outreach program	89,452	-	**89,452**
Total Program Services	1,103,504	-	**1,103,504**
Supporting Services			
General and administrative	41,756	94,159	**135,915**
Obedience expenses	89,296	-	**89,296**
Fundraising	166,964	-	**166,964**
Total Supporting Services	298,016	94,159	**392,175**
Total Expenses	1,401,520	94,159	**1,495,679**
Change in Net Assets	50,364	(94,159)	**(43,795)**
Net Assets, Beginning of Year	6,272,415	(383,010)	**5,889,405**
Net Assets, End of Year	**$ 6,322,779**	**(477,169)**	**$ 5,845,610**