DUO DOGS, INC.

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

DUO DOGS, INC.

JUNE 30, 2023 AND 2022

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EIDE BAILLY ALLIANCE MEMBER FIRM

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, 2023 and 2022, 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, 2023 and 2022, 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 Auditors' 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 auditors' 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 **Duo Dogs, Inc.'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 **Duo Dogs, Inc.'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
November 13, 2023

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

Assets

	June 30, 2023	June 30, 2022
Current Assets		
Cash and cash equivalents	**$ 991,500**	$ 599,526
Contributions receivable:		
United Way of Greater St. Louis	**69,732**	67,968
Accounts receivable	**20,500**	35,770
Prepaid expenses and accrued interest	**39,033**	15,600
Total Current Assets	**1,120,765**	718,864
Contributions Receivable - Long-Term, Net of Discounts	**-**	19,512
Property and Equipment, Net	**3,935,624**	3,958,015
Investments	**1,344,093**	1,166,086
Total Assets	**$ 6,400,482**	$ 5,862,477

Liabilities and Net Assets

	2023	2022
Current Liabilities		
Accounts payable	**$ 5,798**	$ 14,590
Accrued expenses	**77,615**	35,452
Total Current Liabilities	**83,413**	50,042
Net Assets		
Without Donor Restrictions		
Undesignated	**5,852,822**	5,332,792
Board designated - operating reserve	**230,000**	230,000
Net Assets Without Donor Restrictions	**6,082,822**	5,562,792
With Donor Restrictions	**234,247**	249,643
Total Net Assets	**6,317,069**	5,812,435
Total Liabilities and Net Assets	**$ 6,400,482**	$ 5,862,477

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	Without Donor Restrictions	With Donor Restrictions	Totals	2022
Support, Revenue, and Gains (Losses)				
Contributions:				
General, grants, and government contracts	$ 756,268	405,054	**1,161,322**	$ 681,834
United Way of Greater St. Louis	2,568	139,462	**142,030**	138,255
Special events	549,953	-	**549,953**	357,942
In-kind contributions	174,764	-	**174,764**	177,815
Paycheck protection program loan forgiven	-	-	**-**	165,422
Program service fees	40,725	-	**40,725**	40,740
Obedience revenues (refunds)	117,616	-	**117,616**	29,875
Other Income	70,532	-	**70,532**	24,110
Empoyee retention credit	140,766	-	**140,766**	-
Net interest and dividends	29,390	-	**29,390**	23,261
Realized losses	(8,074)	-	**(8,074)**	(669)
Unrealized gains (losses)	104,872	-	**104,872**	(209,161)
Support and Revenue Available	**1,979,380**	**544,516**	**2,523,896**	1,429,424
Net assets released from restrictions	559,912	(559,912)	**-**	-
Total Support, Revenue, and Gains (Losses)	**2,539,292**	**(15,396)**	**2,523,896**	1,429,424
Expenses				
Program Services				
Assistance dog program	983,797	-	**983,797**	902,038
Outreach program	172,753	-	**172,753**	200,307
TOUCH program	343,509	-	**343,509**	186,404
PAWS for Reading program	46,532	-	**46,532**	50,908
Total Program Services	**1,546,591**	**-**	**1,546,591**	1,339,657
Supporting Services				
General and administrative	121,465	-	**121,465**	129,504
Fundraising	223,443	-	**223,443**	215,827
Obedience expenses	127,763	-	**127,763**	74,882
Total Supporting Services	**472,671**	**-**	**472,671**	420,213
Total Expenses	**2,019,262**	**-**	**2,019,262**	1,759,870
Increase (Decrease) in Net Assets	**520,030**	**(15,396)**	**504,634**	(330,446)
Net Assets, Beginning of Year	**5,562,792**	**249,643**	**5,812,435**	6,142,881
Net Assets, End of Year	**$ 6,082,822**	**234,247**	**$ 6,317,069**	$ 5,812,435

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	Program Services					Supporting Services					
							Fundraising				
	Assistance Dog	Outreach	TOUCH Program	PAWS for Reading Program	Total Program Services	Mgmt. and General	Other	Obedience	Total Supporting Services	Total	2022
Salaries and wages	$ 464,984	124,778	184,919	16,929	791,610	91,459	77,705	95,398	264,562	**$ 1,056,172**	$ 899,315
Other employee benefits	45,317	12,161	18,022	1,650	77,150	8,913	7,573	9,297	25,783	**102,933**	93,413
Payroll taxes	36,214	9,718	14,402	1,318	61,652	7,123	6,052	7,430	20,605	**82,257**	67,953
Total salaries and related expenses	546,515	146,657	217,343	19,897	930,412	107,495	91,330	112,125	310,950	**1,241,362**	1,060,681
Other	145,522	4,730	20,444	4,730	175,426	2,365	2,442	2,365	7,172	**182,598**	107,965
Special events	-	-	-	-	-	-	118,782	-	118,782	**118,782**	181,935
Depreciation	71,781	5,743	22,970	5,743	106,237	2,871	2,871	2,871	8,613	**114,850**	116,480
Occupancy	48,307	4,831	31,400	4,831	89,369	2,415	2,415	2,415	7,245	**96,614**	81,254
Professional fees	37,589	3,007	12,028	3,007	55,631	1,504	1,504	1,504	4,512	**60,143**	53,268
Veterinary fees	37,082	-	-	-	37,082	-	-	-	-	**37,082**	27,857
Information technology	20,500	1,640	6,560	1,640	30,340	820	820	820	2,460	**32,800**	18,411
Program supplies	14,708	-	8,357	2,030	25,095	-	-	2,402	2,402	**27,497**	22,792
Staff development	14,052	1,124	4,497	1,124	20,797	562	562	562	1,686	**22,483**	14,363
Insurance	11,115	1,111	7,225	1,111	20,562	556	556	556	1,668	**22,230**	19,249
Dues and subscriptions	6,836	684	4,444	684	12,648	342	342	342	1,026	**13,674**	5,200
Bank and credit card charges	4,449	1,194	1,769	162	7,574	875	913	744	2,532	**10,106**	6,318
Printing and copying	4,978	398	1,593	398	7,367	199	199	199	597	**7,964**	10,767
Volunteer appreciation	5,207	347	347	347	6,248	694	-	-	694	**6,942**	7,835
Telephone	4,307	345	1,378	345	6,375	172	172	172	516	**6,891**	6,422
Office supplies	2,927	234	937	234	4,332	118	117	117	352	**4,684**	9,166
Travel and mileage reimbursement	3,736	-	724	-	4,460	-	-	75	75	**4,535**	4,820
Payroll processing fees	1,978	531	786	72	3,367	389	330	406	1,125	**4,492**	2,867
Postage	1,721	138	551	138	2,548	69	69	69	207	**2,755**	1,578
Meetings and in-house events	487	39	156	39	721	19	19	19	57	**778**	642
Total	**$ 983,797**	**172,753**	**343,509**	**46,532**	**1,546,591**	**121,465**	**223,443**	**127,763**	**472,671**	**$ 2,019,262**	$ 1,759,870
% of Total Expense	**48.7%**	**8.6%**	**17.0%**	**2.3%**	**76.6%**	**6.0%**	**11.1%**	**6.3%**	**23.4%**	**100.0%**	

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023 AND 2022

	June 30, 2023	June 30, 2022
Cash Flows from Operating Activities		
Increase (decrease) in net assets	**$ 504,634**	$ (330,446)
Adjustments:		
Donated stock	**(89,049)**	(143,523)
Depreciation	**114,850**	116,480
Realized and unrealized (gain) loss on investments	**(96,798)**	209,833
Paycheck protection program loan forgiven	**-**	(165,422)
(Increase) decrease in operating assets:		
Contributions receivable:		
Pledges receivable	**19,512**	34,548
United Way of Greater St. Louis	**(1,764)**	(1,716)
Accounts receivable	**15,270**	(33,963)
Prepaid expenses and accrued interest	**(23,433)**	38,903
Increase (decrease) in operating liabilities:		
Accounts payable	**(8,792)**	5,389
Accrued expenses	**42,163**	13,040
Net Cash Provided (Used) by Operating Activities	**476,593**	(256,877)
Cash Flows from Investing Activities		
Purchase of investments	**(327,927)**	(233,262)
Proceeds from sale of investments	**335,767**	224,814
Purchase of property and equipment	**(92,459)**	(3,372)
Net Cash Used by Investing Activities	**(84,619)**	(11,820)
Net Increase (Decrease) in Cash and Cash Equivalents	**391,974**	(268,697)
Cash and cash equivalents, beginning of year	**599,526**	868,223
Cash and Cash Equivalents, End of Year	**$ 991,500**	$ 599,526

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 TOUCH 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, 2022, 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 10, **Duo** received a permanently restricted endowment to provide funding for **Duo'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 **Duo** to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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.

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 improve their reading skills.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2023 and 2022, **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 (Continued)

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, 2023 and 2022.

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, 2023 and 2022, volunteers donated approximately 298,132 and 162,036 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.

The expenses that are allocated include the following:

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs
Duo uses advertising to promote its programs among the audience it serves. Advertising costs are expensed as incurred. Advertising expense was $6,647 and $34,654 for the years ended June 30, 2023 and 2022, 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. 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 November 13, 2023, no informational returns have been selected for examination.

Subsequent Events
Duo has evaluated subsequent events through November 13, 2023, 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, 2023	June 30, 2022
Financial assets at year end:		
Cash and cash equivalents	**$ 991,500**	$ 599,526
Contributions receivable	**69,732**	87,480
Accounts receivable	**20,500**	35,770
Investments	**1,344,093**	1,166,086
Total Financial Assets	**2,425,825**	1,888,862
Less amounts not available to be used within one year:		
Board designated funds	**230,000**	230,000
Net assets with donor restrictions	**234,247**	249,643
Less net assets with time and purpose restrictions to be met in less than one year	**(84,247)**	(99,643)
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	**$ 2,045,825**	$ 1,508,862

NOTE 2 AVAILABILITY AND LIQUIDITY (CONTINUED)

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, 2023, cash balances exceeded FDIC limits by approximately $90,000. At June 30, 2022, cash balances did not exceed FDIC limits.

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 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. Investments are insured by the Securities Investor Protection Corporation (SIPC) up to $500,000. At June 30, 2023 and 2022, investment balances exceeded SIPC limits by approximately $844,000 and $666,000, respectively.

NOTE 4 PROPERTY AND EQUIPMENT

	June 30,	
	2023	2022
Land	**$ 699,369**	$ 699,369
Building	**3,672,207**	3,672,207
Building improvements	**207,916**	180,628
Training equipment	**14,099**	14,099
Office furniture and fixtures	**209,666**	144,495
Property and equipment at cost	**4,803,257**	4,710,798
Less accumulated depreciation	**(867,633)**	(752,783)
Property and Equipment, Net	**$ 3,935,624**	$ 3,958,015

Depreciation expense was $114,850 and $116,480 for the years ended June 30, 2023 and 2022, 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.

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.

US Treasury Bills – 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.

NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2023				
US treasury bills	$ 148,122	148,122	-	-
Mutual funds	990,157	990,157	-	-
Exchange traded funds	205,814	205,814	-	-
Total	**$ 1,344,093**	**1,344,093**	**-**	**-**
June 30, 2022				
Certificates of deposit	$ 50,182	-	50,182	-
Mutual funds	984,288	984,288	-	-
Exchange traded funds	131,616	131,616	-	-
Total	$ 1,166,086	1,115,904	50,182	-

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 2021 and matures in November 2024. There were no borrowings under this line of credit at June 30, 2023 and 2022.

NOTE 7 PAYCHECK PROTECTION PROGRAM (PPP) LOAN

In January 2021, the Organization applied for and was granted a second Paycheck Protection Program (PPP) loan administered by the Small Business Administration (SBA) in the amount of $165,422. The loan was uncollateralized and fully guaranteed by the Federal government. The loan accrued interest at 1%, but payments were not required until the final amount of the loan was determined by the SBA. The Organization was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. In accordance with Accounting Standards Codification (ASC) 470, *Debt*, the Organization had accounted for the PPP loan as a loan and recognized revenue at the time the loan was forgiven. The loan was approved for forgiveness on August 26, 2021.

NOTE 8 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.

NOTE 8 EMPLOYEE RETENTION CREDIT (CONTINUED)

During the year ended June 30, 2023, **Duo** received $170,785. Due to the conditional components of the refunds, **Duo** has not recognized the remaining amount as a receivable and will record the refund as received. As of November 13, 2023, **Duo** has not received the remaining amount.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

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

	June 30,	
	2023	2022
Time restrictions	**$ 139,462**	$ 135,930
Purpose restrictions	**405,054**	109,228
Total	**$ 544,516**	$ 245,158

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,	
	2023	2022
Time restrictions met	**$ 137,698**	$ 154,214
Purpose restrictions met	**422,214**	124,271
Total	**$ 559,912**	$ 278,485

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

	June 30,	
	2023	2022
Time restrictions	**$ 69,732**	$ 67,968
Purpose restrictions	**14,515**	31,675
Restricted endowment	**150,000**	150,000
Total	**$ 234,247**	$ 249,643

NOTE 10 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 years ended June 30, 2023 and 2022. The donor restricted endowment is included in net assets with donor restrictions on the Statement of Financial Position.

NOTE 10 ENDOWMENT FUND (CONTINUED)

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 11 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, 2023 and 2022, **Duo** recognized in-kind support as follows:

	Years Ended June 30,	
	2023	2022
Donated stock	**$ 89,049**	$ 143,523
Fundraising events	**62,527**	24,730
Supplies and merchandise	**23,188**	7,712
Services	**-**	1,850
Total	**$ 174,764**	$ 177,815