

SOI Dog Foundation USA

Financial Statements

September 30, 2018

ERNST WINTER & ASSOCIATES LLP
Certified Public Accountants

Soi Dog Foundation USA

September 30, 2018

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Independent Auditor's Report

To the Board of Directors
Soi Dog Foundation USA
San Francisco, California

We have audited the accompanying financial statements of Soi Dog Foundation USA (the "Foundation") (a nonprofit corporation), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Soi Dog Foundation USA as of September 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Walnut Creek, California
August 8, 2019

Soi Dog Foundation USA
Statement of Financial Position
September 30, 2018

Assets

Current assets

Cash and cash equivalents	\$	1,037,335
Contributions receivable		48,506
Prepaid expenses and other assets		830
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Total current assets		1,086,671
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Total Assets	\$	1,086,671

Liabilities and net assets

Current liabilities

Accounts payable and accrued liabilities	\$	25
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Total current liabilities		25
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Total Liabilities		25

Net Assets

Unrestricted		338,494
Temporarily restricted		748,152
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Total Net Assets		1,086,646
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Total Liabilities and Net Assets	\$	1,086,671

See independent auditor's report and accompanying notes.

Soi Dog Foundation USA
Statement of Activities
For the Year Ended September 30, 2018

	Unrestricted	Temporarily Restricted	Total
Revenue			
Public Support			
Adoptions	\$ -	\$ 104,193	\$ 104,193
End the dog meat campaign	-	1,628,095	1,628,095
Emergency response team	-	1,360,770	1,360,770
Shelter operations	-	679,642	679,642
General	1,181,626	-	1,181,626
Net assets released from restrictions	3,583,211	(3,583,211)	-
Total Public Support	4,764,837	189,489	4,954,326
Operating Expenses			
Program support	4,640,675	-	4,640,675
Management and general	159,735	-	159,735
Fundraising	53,121	-	53,121
Total Operating Expenses	4,853,531	-	4,853,531
Operating Income	(88,694)	189,489	100,795
Other Income (Expense)			
Interest income	2	-	2
Other income	793	-	793
Total Other Income (Expense), Net	795	-	795
Change in Net Assets	(87,899)	189,489	101,590
Beginning Net Assets	426,393	558,663	985,056
Ending Net Assets	\$ 338,494	\$ 748,152	\$ 1,086,646

See independent auditor's report and accompanying notes.

Soi Dog Foundation USA
Statement of Functional Expenses
For the Year Ended September 30, 2018

	Program Services	Management and General	Fundraising	Total Expenses
Adoptions	\$ 110,000	\$ -	\$ -	\$ 110,000
End the dog meat campaign	1,787,500	-	-	1,787,500
Shelter operations	720,711	-	-	720,711
Emergency response team	965,000	-	-	965,000
Direct lab and vet services	3,238	-	-	3,238
Dog rescue and transportation	3,116	-	-	3,116
Other program expenses	1,051,110	-	-	1,051,110
Advertising and fundraising	-	-	53,121	53,121
Professional fees	-	25,147	-	25,147
Bank fees	-	114,203	-	114,203
Insurance	-	832	-	832
Travel	-	134	-	134
Office expenses	-	5,082	-	5,082
Licenses and fees	-	13,791	-	13,791
Depreciation	-	546	-	546
Total Expenses	\$ 4,640,675	\$ 159,735	\$ 53,121	\$ 4,853,531

See independent auditor's report and accompanying notes.

Soi Dog Foundation USA
Statement of Cash Flows
For the Year Ended September 30, 2018

Cash Flows from Operating Activities	
Change in net assets	\$ 101,590
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	546
Changes in operating assets and liabilities:	
Contributions receivable	780
Accounts payable and accrued liabilities	(1,269)
Net Cash Provided by Operating Activities	101,647
Net Increase in Cash and Cash Equivalents	101,647
Cash and cash equivalents at beginning of year	935,688
Cash and Cash Equivalents at End of Year	\$ 1,037,335

See independent auditor's report and accompanying notes.

Soi Dog Foundation USA

Notes to the Financial Statements

September 30, 2018

1. Organization

Soi Dog Foundation USA (the “Foundation”) is a nonprofit public benefit corporation organized in California in 2010. The Foundation is governed by elected officers and directors. The Foundation was formed to improve the welfare of dogs and cats in Asia, resulting in better lives for both the animal and human communities, to end animal cruelty, and to ultimately create a society without homeless animals.

The Foundation achieves its mission of improving animal welfare of dogs and cats in Asia primarily as a fundraising and grant-making organization and makes a number of grants to Soi Dog Foundation (“Soi Dog”), a Thai charity whose purposes align with the Foundation’s. Following is a summary of Soi Dog’s projects that the Foundation’s board of directors determined are consistent with the Foundation’s charitable purposes and which the Foundation has supported.

Adoptions: Donations are used to pay for adoption related expenses such as crates, vet exams, customs clearance, travel paperwork and flight costs.

Shelter Operations: The following appeals are considered to be a part of shelter operations:

Angels for Dogs: Donations are used to provide additional medical support for dogs that are critically injured and ill and that are victims of abuse, disease, neglect and accidents.

Cat Care: Soi Dog also works to care for feral, abandoned and injured cats. The cat care appeal provides necessary support for cats under Soi Dog’s care; this support includes any medical, housing and feeding needs.

Dog Sponsorships: The dog sponsorship appeal is dedicated to caring for the dogs in Soi Dog’s care at its shelter in Phuket and Bangkok. The monthly sponsorships provide an ongoing and dedicated level of support for food, medical care, socialization and increasingly, staff to work with the dogs to prepare them for adoption.

Hospital Appeal: As Soi Dog’s efforts to care for the street dogs in Thailand grew, so did the needs for a larger, state-of-the art medical facility to ensure that the best medical care and support could be provided. Donations made to this appeal were primarily for the construction and outfitting of the new hospital. Additionally, recurring donations made to this appeal after the construction is complete will be used for on-going support of hospital operations.

Puppy Care Club: Soi Dog has seen an increase in the number of puppies that need urgent medical care and rehabilitation. Given the specialized needs for these puppies along with the fact that they cannot be placed with the adult dogs, Soi Dog issued a specific appeal. Donations made to this appeal are utilized to treat, house and care for the puppies at the shelter until that time they can be transferred to the adult dog kennels or are adopted.

The Campaign to End the Dog Meat Trade: A major initiative of Soi Dog was to work tirelessly to end the dog meat trade in northern Thailand. While very few Thai’s consume dog meat, there had historically been a very lucrative trade in capturing street dogs and even pet dogs in Thailand and smuggling them across the border into Vietnam. The cruel means of capture and transport often meant most dogs died on their journey to Vietnam and those that survived faced a cruel and painful death as part of the process of preparing dog meat in Vietnam. Soi Dog embarked on ending this trade by working with the Thai and regional governments, raising public awareness and support globally and providing necessary care for those dogs rescued from the trade. Donations made to the Campaign to End the Dog Meat trade directly support Soi Dog’s efforts to end this trade – first in Thailand and now, increasingly, in neighboring countries such as Vietnam and Laos. The initiative includes the following appeals:

Soi Dog Foundation USA
Notes to the Financial Statements
September 30, 2018

1. Organization (continued)

Burriram Shelter: As a result of Soi Dog's efforts to end the dog meat trade in Thailand, thousands of dogs were rescued from death on their journey to Vietnam. Donations are used to provide support for the building and maintenance of the shelter as well as provide basic care in Burriram.

The "I Didn't Know" Campaign (IDK): The "I Didn't Know" campaign is a complement to other appeals that support Soi Dog's efforts to end the dog meat trade. This was a coordinated global awareness campaign raising awareness of the dog meat trade in SE Asia. Donations made to this appeal are used to increase awareness of the trade within SE Asia (by purchasing billboards to raise awareness) and to also to complement other Soi Dog efforts to end the dog meat trade and care for those dogs rescued from the trade.

Korean Dog Appeal: As Soi Dog's efforts to combat the horrific dog meat trade gained greater awareness, they embarked on working with other animal welfare groups outside of Thailand to combat the dog meat trade and in the case of Korea, the farming and consumption of dog meat. Partnering with a local animal welfare activist, Soi Dog initiated a campaign to raise awareness and financial support to make the Korean public aware of the horrific conditions of dog meat dogs and to care for dogs rescued from the dog meat farming industry.

Magic 1000: The Magic 1000 Club/Appeal is specifically intended to care and feed for those dogs rescued from the dog meat trade. As a dedicated fund, it provides the necessary care for the thousands of dogs that have been rescued given that caring for these dogs would not be possible within the current operating budgets of the Foundation.

Emergency Response Team (ERT): The emergency response team appeal was issued to provide specific and incremental support to Soi Dog's medical teams as they go out and care for the most grievous cases of dog abuse, mistreatment and injury. As Soi Dog's presence and awareness has grown, there has been an increase in dogs that are being brought to the shelter and increase in calls for assistance. The emergency response team appeal provides dedicated financial support to ensure that Soi Dog can continue to provide life-saving medical care, rehabilitation and ongoing support for the most critically injured or ill dogs. The following sub-appeal is part of ERT:

Wat Suan Kaew Appeal (WSK): The donations are used to establish better conditions and provide necessary medical care for suffering animals at the Wat Suan Kaew shelter. Additionally, the Foundation committed to helping provide food and ongoing medical support (as needed).

Unrestricted/General Donations

Unrestricted donations are used to support the Foundation's overall mission to care for the street dogs and cats in Thailand. A primary initiative of the Foundation is to sterilize as many dogs and cats as possible to help curb the population growth and minimize the instances of abuse and injury that often accompany growing street dog and cat populations. These funds are also utilized to support shelter operations and other necessary activities related to the Foundation's mission to care for the needs of the street dog and cat population in Thailand primarily, but with the regional efforts to end the Dog Meat Trade, funds may also be used to augment dedicated funding from other appeals.

Soi Dog Foundation USA
Notes to the Financial Statements
September 30, 2018

2. Significant Accounting Policies

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting.

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to up to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There were no permanently restricted net assets for the year ended September 30, 2018.

Cash and Cash Equivalents

Cash equivalents are considered to be short-term, highly liquid investments with original maturities of three months or less, including bank money market accounts.

Contributions

Contributions are recognized when the donor makes a promise to give to the Foundation, that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. All contributions receivable were subsequently collected. Accordingly, there was no allowance for doubtful accounts.

Property and equipment

Property and equipment are stated at cost, less accumulated depreciation. The cost of maintenance and repairs are charged to operating expenses as incurred. Additions, renewals, and improvements which cost \$500 or more are capitalized and depreciated over the remaining estimated useful life of the asset. The cost and accumulated depreciation of assets sold or retired are removed from respective accounts, and any gain or loss realized is reflected in earnings.

Property and equipment are depreciated over their estimated useful lives using the straight-line method. The useful lives generally used are:

Computer equipment	3 years
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Functional Expenses

The Foundation allocates its expenses on a functional basis among its program and support services. Expenses that can be identified with a specific program or support service are allocated directly to the program.

Net Assets

The Foundation classifies its net assets and activities into one of three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets as follows:

- Unrestricted revenue – Those net assets and activities which represent the portion of expendable funds available to support operations that are not subject to donor imposed stipulations.
- Temporarily restricted revenue – Those net assets and activities which are donor-restricted for support of specific operating activities of the Foundation. Donor-imposed restrictions may expire with time or may be satisfied by actions of the Foundation. Expiration of restrictions are recognized in the period in which the restrictions expire. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Temporarily restricted revenues received that meet the donor-imposed stipulation during the same year are recorded as temporarily restricted revenue and are released from restriction in the corresponding year.

Soi Dog Foundation USA
Notes to the Financial Statements
September 30, 2018

2. Significant Accounting Policies (Continued)

- Permanently restricted revenue – Contributions that are held in perpetuity as directed by the donor. The income from these contributions is available to support activities of the Foundation as designated by the donor. There were no permanently restricted net assets at September 30, 2018.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

Income Taxes

The Foundation has been granted exemption from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and by the California Franchise Tax Board. The Organization is not a private foundation. In addition, there was no unrelated business income tax for 2018 and management believes that there are no uncertain tax positions. As a 501(c)(3) organization, donors qualify for the charitable deduction. Accordingly, there is no provision for federal or state income taxes. The Foundation's tax returns are potentially subject to tax examination for three years federal and four years California after filing. The Foundation is no longer subject to tax examinations by tax authorities for years before 2014.

Advertising Costs

The Foundation expenses advertising costs when incurred. Advertising costs are a component of advertising and fundraising on the accompanying statement of functional expenses. Advertising costs for the year ended September 30, 2018 totaled \$53,121.

3. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at September 30, 2018:

Adoptions	\$ 19,179
Wat Suan Kaew shelter	1,145
End the dog meat campaign	111,483
Emergency response team	<u>616,345</u>
Total	<u>\$ 748,152</u>

Net assets of \$3,583,211 were released from donor restrictions by incurring expenses satisfying the restricted purposes for the year ended September 30, 2018.

4. Risk Concentration

At various times during the year, the Foundation's cash balances may be in excess of the Federal Deposit Insurance Corporation (FDIC) insured limit. At September 30, 2018, the Company's uninsured cash balances totaled \$719,749.

Soi Dog Foundation USA
Notes to the Financial Statements
September 30, 2018

5. Recently Issued Accounting Pronouncement

In August 2016, the FASB issued ASU No. 2016-14, Not-for-Profit Entities (“Topic 958”): Presentation of Financial Statements of Not-for-Profit Entities. The update changes how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about liquidity, financial performance, and cash flows. The main difference between previous GAAP and Topic 958 is that net assets will now be presented in two classes rather than three. Not-for-Profit entities will report amounts for net assets with donor restrictions and net assets without donor restrictions. Additionally, all not-for-profit entities are required to present together in one place the amounts of expenses by both natural and functional classifications, either in a financial statement or as a footnote. ASU 2016-14 is effective for the Foundation for the fiscal year ending September 30, 2019. Management is currently evaluating the impact of the provisions of ASU 2016-14 on the financial statements.

6. Subsequent Events

The Foundation has evaluated subsequent events through August 8, 2019, the date which the financial statements were available to be issued.