

SOI DOG FOUNDATION USA

FINANCIAL STATEMENTS

Year Ended September 30, 2023



KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

SOI DOG FOUNDATION USA
FINANCIAL STATEMENTS
Year Ended September 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Soi Dog Foundation USA
Houston, Texas

Opinion

We have audited the accompanying financial statements of Soi Dog Foundation USA (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, and the changes in net assets and its cash flows for the year 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Soi Dog Foundation USA 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 Soi Dog Foundation USA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, 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.

To the Board of Directors
Soi Dog Foundation USA

In performing an audit in accordance with generally accepted auditing standards, 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 Soi Dog Foundation USA'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 Soi Dog Foundation USA'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.

Report on Summarized Comparative Information

We have previously audited Soi Dog Foundation USA's 2022 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated February 29, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kern & Thompson, LLC

Portland, Oregon
March 1, 2024

SOI DOG FOUNDATION USA
STATEMENT OF FINANCIAL POSITION

September 30, 2023
(With Comparative Amounts as of September 30, 2022)

ASSETS

	<u>2023</u>	<u>2022</u>
Cash	\$ 3,012,478	\$ 2,611,300
Contributions receivable	-	9,182
Due from affiliated entities	170,417	276,656
Prepaid expenses and other assets	<u>-</u>	<u>1,332</u>
Total assets	\$ <u>3,182,895</u>	\$ <u>2,898,470</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued liabilities	\$ 9,892	\$ 16,343
Credit card payable	<u>166,286</u>	<u>213,977</u>
Total liabilities	<u>176,178</u>	<u>230,320</u>
Net assets		
Without donor restrictions	2,200,901	1,108,909
With donor restrictions	<u>805,816</u>	<u>1,559,241</u>
Total net assets	<u>3,006,717</u>	<u>2,668,150</u>
Total liabilities and net assets	\$ <u>3,182,895</u>	\$ <u>2,898,470</u>

See notes to financial statements.

SOI DOG FOUNDATION USA

STATEMENT OF ACTIVITIES

Year Ended September 30, 2023

(With Comparative Totals for the Year Ended September 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
Revenues and other support				
Individual and corporate donations	\$ 8,546,458	\$ 17,614	\$ 8,564,072	\$ 9,891,622
Foundation support	167,972	1,428	169,400	261,900
Credit card rewards	42,381	-	42,381	17,619
Interest and dividends	52,366	-	52,366	325
	8,809,177	19,042	8,828,219	10,171,466
Net assets released from restriction for timing	772,467	(772,467)	-	-
Total revenues and other support	9,581,644	(753,425)	8,828,219	10,171,466
Expenses				
Program services	6,665,698	-	6,665,698	10,500,749
Supporting services				
Management and general	76,039	-	76,039	45,489
Fundraising	1,747,915	-	1,747,915	1,238,935
Total expenses	8,489,652	-	8,489,652	11,785,173
Change in net assets	1,091,992	(753,425)	338,567	(1,613,707)
Net assets, beginning of year	1,108,909	1,559,241	2,668,150	4,281,857
Net assets, end of year	\$ 2,200,901	\$ 805,816	\$ 3,006,717	\$ 2,668,150

See notes to financial statements.

SOI DOG FOUNDATION USA

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2023

(With Comparative Totals for the Year Ended September 30, 2022)

	SUPPORTING SERVICES				
	PROGRAM SERVICES	Management and General		Fund- raising	
				Total	
				2023	2022
Grants to others	\$ 6,421,252	\$ -	\$ -	\$ 6,421,252	\$ 9,847,775
Advertising	-	-	1,744,825	1,744,825	1,574,642
Bank and merchant fees	244,446	170	150	244,766	302,892
Professional fees	-	60,961	-	60,961	40,046
Registration and filings	-	11,081	-	11,081	13,720
Licenses and fees	-	-	-	-	2,517
Office expenses	-	2,495	99	2,594	2,372
Insurance	-	1,332	-	1,332	1,209
Miscellaneous Expenses	-	-	2,841	2,841	-
	\$ 6,665,698	\$ 76,039	\$ 1,747,915	\$ 8,489,652	\$ 11,785,173

See notes to financial statements.

SOI DOG FOUNDATION USA

STATEMENT OF CASH FLOWS

Year Ended September 30, 2023

(With Comparative Totals for the Year Ended September 30, 2022)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 338,567	\$ (1,613,707)
(Increase) decrease in assets:		
Grants and contributions receivable	9,183	(8,495)
Due from affiliated entities	106,239	(29,783)
Prepays and other assets	1,332	(122)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(6,452)	201
Credit card payable	(47,691)	213,977
Net cash provided by (used in) operating activities	<u>401,178</u>	<u>(1,437,929)</u>
Net change in cash	401,178	(1,437,929)
Cash and cash equivalents, beginning of year	<u>2,611,300</u>	<u>4,049,229</u>
Cash and cash equivalents, end of year	<u>\$ 3,012,478</u>	<u>\$ 2,611,300</u>

See notes to financial statements.

SOI DOG FOUNDATION USA
NOTES TO FINANCIAL STATEMENTS

September 30, 2023

NOTE A – DESCRIPTION OF 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 achieves its mission of improving animal welfare of dogs and cats in Asia primarily as a fundraising and grant-making organization that makes grants to Soi Dog Foundation (“Soi Dog”), a Thai charity whose purposes align with the Foundation’s. Following is a summary of the Foundation’s programs.

Donations are used to support the Foundation’s overall mission to care for the street dogs and cats in Asia and reduce suffering through a variety of programs. A primary initiative of the Foundation is to raise funds in support of Soi Dog’s CVNR (Capture, Vaccinate, Neuter, Return) program which curbs the population growth and minimizes 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 street dogs and cats that, for a variety of reasons, cannot be returned to their community after sterilization. Funds are also used in the effort to end the dog meat trade.

The Foundation’s programs are as follows:

Adoptions: The Foundation makes grants to Soi Dog International to support the costs of cat and dog adoption expenses such as crates, vet exams, customs clearance, travel paperwork and flight costs. Monthly sponsorships by donors provide an ongoing and dedicated level of support for food, medical care, socialization, and staff to work with the dogs to prepare them for adoption.

Shelter Operations: The Foundation makes grants to Soi Dog International for the purpose of care for feral, abandoned and injured dogs and cats; this support includes any medical, housing and feeding needs.

The Campaign to End the Dog Meat Trade: The Foundation funds Soi Dog’s initiative to end the dog meat trade. In various locations in Asia, a cruel means of capture and transport often means that many dogs died on their journey to the slaughterhouse, and those that survive transport face a cruel and painful death as part of the process of preparing dog meat. Soi Dog works with Asian governments, raising public awareness as well as 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 the Philippines.

Emergency Response Team (ERT): The Foundation raises funds that enable emergency support to communities during and after natural disasters. Soi Dog’s ERT delivers food, medical supplies, and hands-on care to animals in areas that are devastated and, in many cases, inaccessible.

Humane Education Program: The Foundation raises funds to support Soi Dog’s Humane Education program which teaches school-aged children compassion towards animals, the only way to sustainably end animal cruelty.

SOI DOG FOUNDATION USA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Foundation prepares its financial statements on the accrual basis of accounting, which recognizes revenue when earned and expenses when incurred. Transactions are classified according to the existence or absence of donor-imposed restrictions.

Financial Statement Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets either subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Cash and Cash Equivalents

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

Functional Allocation of Expenses

The costs of providing the programs and supporting services have been summarized in the Statement of Activities. Directly identifiable expenses are charged to programs and supporting services when incurred. Certain costs, including office expense and utilities have been allocated among the programs and supporting services benefited based primarily on estimates of time and effort and square-footage usage estimates.

Estimates

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

SOI DOG FOUNDATION USA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Unconditional Promises to Give

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. The Foundation reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Advertising Costs

The Foundation expenses advertising costs when incurred.

Income Taxes

The Foundation has been approved as a tax-exempt organization under the Internal Revenue Code Section 501(c)(3) and applicable state laws. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Foundation does not believe it has unrelated trade or business income in excess of \$1,000.

NOTE C – CONTRIBUTIONS RECEIVABLE

Grants receivable consist of unconditional promises to give. Based on the history of these grantors, the funding is expected to be collected in full. As of September 30, 2023, all receivables are expected to be collected in approximately two months.

NOTE D – DONATED ASSETS AND SERVICES

The Foundation receives donated services from a variety of unpaid volunteers (including board members) assisting in the programs it offers. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under generally accepted accounting principles have not been satisfied. Volunteer hours during the year ending September 30, 2023, encompass the following program areas:

- Administrative tasks - 1,000 hours
- Social media management - 150 hours
- Adoptions - 550 hours
- Telephone contact management - 100 hours

NOTE E – CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Foundation to credit risk consist principally of cash. The Foundation places its cash with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). At September 30, 2023 the Foundation's cash on deposit in excess of insured amounts was approximately \$2,300,000.

SOI DOG FOUNDATION USA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2023

NOTE F – CREDIT CARD

The Organization maintains a credit card which has no pre-set limit by the issuer. The Organization's policy is to maintain a balance that does not exceed approximately \$200,000 by making payments during the month as needed to reduce the balance and at no time carry a balance that would be subject to an interest assessment. The sole purpose of this credit card is to allow social media advertising to charge this account for services that occur on a daily basis, and secondarily to take advantage of credit card rewards revenue. There was a balance of \$166,286 outstanding as of September 30, 2023. The line of credit is unsecured and would charge interest at a variable rate (up to approximately 20%) if not paid in full each month.

NOTE G – RELATED PARTY TRANSACTIONS

Soi Dog has affiliated entities that share in the mission of the Organization from other countries. These entities include Soi Dog International Foundation, and Soi Dog Foundation Thailand, which operates a Shelter in Phuket, Thailand. While Soi Dog Foundation USA makes no direct grants to Soi Dog Foundation Thailand, most grants ultimately fund operations in Thailand.

Soi Dog Foundation USA collaborates with Soi Dog International Foundation to place advertising through social media that raise donations for both entities. During the year ending September 30, 2023, the costs of advertising on social media paid by Soi Dog Foundation USA totaled \$3,185,836, of which \$1,441,011 was reimbursed by related entities, resulting in \$1,744,825 absorbed by Soi Dog Foundation USA. At September 30, 2023, Soi Dog Foundation International owed Soi Dog Foundation USA \$170,417 for shared advertising costs.

Soi Dog Foundation USA made grants to Soi Dog Foundation International totaling \$6,421,252 (before currency and bank fee adjustments) during the year ending September 30, 2023.

NOTE H – RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions consist of the following at September 30, 2023:

Subject to purpose restrictions:	
End the dog meat campaign	\$ 801,354
Other	<u>4,462</u>
Total net assets with donor restrictions	<u><u>\$ 805,816</u></u>

SOI DOG FOUNDATION USA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2023

NOTE I – LIQUIDITY

The following chart represents the Foundation's financial assets available to meet cash needs for general expenditures within one year of September 30, 2023:

Financial assets at year-end	
Cash and cash equivalents	\$ 3,012,478
Due from affiliated entities	170,417
	<u>3,182,895</u>
 Less purpose restricted grants	 <u>(805,816)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 \$ <u>2,377,079</u>

As part of its liquidity management, the Foundation's policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Foundation invests cash in excess of current requirements in short-term investments.

NOTE J – SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 1, 2024 which is the date the financial statements were available to be issued.

In October 2023, the Foundation granted an affiliated Organization (Soi Dog International) about \$2,400,000 to support programs abroad.