

DOGS TRUST USA, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Dogs Trust USA, Inc.

We have audited the accompanying financial statements of Dogs Trust USA, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 financial statements. The procedures selected depend on the auditors' 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 Dogs Trust USA, Inc. as of December 31, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Note 6 to the financial statements, in March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. As a result, Dogs Trust USA, Inc. has suspended some of its program activities at the direction of state and local government authorities. Our opinion is not modified with respect to this matter.

Lotz + Carr, LLP

New York, New York
April 9, 2021

DOGS TRUST USA, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash (Note 5a)	\$373,195	\$496,144
Contributions receivable (Notes 1b and 4)		
Without donor restrictions	100,201	2,702
With donor restrictions	146,176	461,987
Prepaid expenses	<u>2,208</u>	<u>17,250</u>
Total Assets	<u><u>\$621,780</u></u>	<u><u>\$978,083</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 13,000	\$122,166
Grants payable (Note 1c)	195,136	49,259
Total Liabilities	<u>208,136</u>	<u>171,425</u>
Net Assets (Note 1i)		
Without donor restrictions	117,468	120,198
With donor restrictions (Note 3)	<u>296,176</u>	<u>686,460</u>
Total Net Assets	<u>413,644</u>	<u>806,658</u>
Total Liabilities and Net Assets	<u><u>\$621,780</u></u>	<u><u>\$978,083</u></u>

See notes to financial statements.

DOGS TRUST USA, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Changes in Net Assets Without Donor Restrictions		
Support		
Contributions (Notes 1b, 1i and 5b)	\$293,498	\$122,998
Foreign exchange loss	-	(35,382)
Net assets released from restrictions - expiration of time and program restrictions	<u>434,180</u>	<u>257,469</u>
Total Support	<u>727,678</u>	<u>345,085</u>
Expenses		
Program Services	<u>357,050</u>	<u>282,885</u>
Supporting Services		
Management and general	128,727	24,334
Fundraising	<u>244,631</u>	<u>57,796</u>
Total Supporting Services	<u>373,358</u>	<u>82,130</u>
Total Expenses	<u>730,408</u>	<u>365,015</u>
Decrease in Net Assets Without Donor Restrictions	<u>(2,730)</u>	<u>(19,930)</u>
Changes in Net Assets With Donor Restrictions		
Contributions (Notes 1b, 1i and 5b)	50,000	336,644
Foreign exchange gain (loss)	(6,104)	1,175
Net assets released from restrictions	<u>(434,180)</u>	<u>(257,469)</u>
Increase (Decrease) in Net Assets With Donor Restrictions	<u>(390,284)</u>	<u>80,350</u>
Increase (decrease) in net assets	(393,014)	60,420
Net assets, beginning of year	<u>806,658</u>	<u>746,238</u>
Net Assets, End of Year	<u><u>\$413,644</u></u>	<u><u>\$806,658</u></u>

See notes to financial statements.

DOGS TRUST USA, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019				
	Program Service	Supporting Services		Program Service	Supporting Services			
Management and General		Fundraising	Total		Management and General	Fundraising	Total	
Grant expense	\$357,050	\$ -	\$ -	\$357,050	\$282,885	\$ -	\$ -	\$282,885
Salaries and payroll taxes	-	-	225,411	225,411	-	16,278	-	16,278
Staff expenses	-	-	5,303	5,303	-	-	-	-
Professional fees	-	82,999	-	82,999	-	-	-	-
Management fees	-	21,596	-	21,596	-	-	55,540	55,540
Insurance	-	5,243	-	5,243	-	2,000	-	2,000
Information technology	-	10,294	-	10,294	-	-	-	-
Fundraising fees	-	-	10,060	10,060	-	-	2,256	2,256
Printing	-	-	3,857	3,857	-	-	-	-
Bank charges and miscellaneous expenses	-	8,595	-	8,595	-	6,056	-	6,056
Total Expenses	<u>\$357,050</u>	<u>\$ 128,727</u>	<u>\$ 244,631</u>	<u>\$730,408</u>	<u>\$282,885</u>	<u>\$ 24,334</u>	<u>\$ 57,796</u>	<u>\$365,015</u>

See notes to financial statements.

DOGS TRUST USA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$(393,014)	\$ 60,420
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in:		
Contributions receivable	218,312	144,421
Prepaid expenses	15,042	(17,250)
Increase (decrease) in:		
Accounts payable and accrued expenses	(109,166)	122,166
Grants payable	<u>145,877</u>	<u>(31,218)</u>
Net Cash Provided (Used) By Operating Activities -		
Net Increase (Decrease) in Cash	(122,949)	278,539
Cash, beginning of year	<u>496,144</u>	<u>217,605</u>
 Cash, End of Year	 <u><u>\$ 373,195</u></u>	 <u><u>\$496,144</u></u>

See notes to financial statements.

DOGS TRUST USA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 1 - Organization and Summary of Significant Accounting Policies

a - Organization and Related Party

Dogs Trust USA, Inc. (the "Organization") is a not-for-profit corporation which was incorporated in 2017 within the state of Massachusetts. The Organization's mission is to protect dogs and other animals from maltreatment, cruelty, and suffering. The corporation has one member, which is the Chief Executive Officer of Dogs Trust Incorporated in England and Wales (DTUK).

Another organization that is controlled by DTUK is Dogs Trust Worldwide (DTW). In 2018, the Organization received a multi-year pledge from DTW of which approximately \$96,000 was receivable at December 31, 2020. In addition, funds were advanced by DTW during 2019 of which approximately \$107,000 was included in accounts payable and accrued expenses at December 31, 2019. This balance was paid in full as of December 31, 2020.

b - Contributions and Contributions Receivable

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Conditional promises to give, that is, those with a measurable performance-related or other barrier and right of return of assets transferred or release of a promisor's obligation to transfer assets in the future - are not recognized until the conditions on which they depend have been met. Contributions that are restricted by the donor are reported as increases without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restriction. When a 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.

c - Grant Expense

Grants are accrued at the time they are approved and the grant agreement is signed by the Organization.

d - Financial Statement Presentation

The financial statements of Organization have been prepared in accordance with U.S. generally accepted accounting principles, which require Organization to report information regarding its 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 may be expended for any purpose in performing the primary objectives of Organization. These net assets may be used at the discretion of Organization's management and Board of Directors.

DOGS TRUST USA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

d - Financial Statement Presentation (continued)

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Organization or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

e - Functional Allocation of Expenses

The financial statements report expenses that are attributable to program or supporting functions. Expenses are applied directly to programs or supporting functions where applicable. A substantial portion of the Organization's expenses are directly related to program activities.

f - 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.

g - Tax Status

The Organization is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

h - Subsequent Events

The Organization has evaluated subsequent events through April 9, 2021, the date that the financial statements are considered available to be issued.

i - Reclassification

Contributions with donor restrictions received during 2019 was increased to reflect additional amounts totaling \$100,000 for which restrictions were not satisfied at year end. This change increased Net assets with donor restrictions and decreased Net assets without donor restrictions as of December 31, 2019 on the Statements of Financial Position.

DOGS TRUST USA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 2 - Information Regarding Liquidity and Availability

The Organization operates within its financial means each fiscal year based on the cash revenues expected to be available to fund anticipated expenses. The Organization's annual revenue is comprised of contribution revenue. The Organization considers general expenditures to consist of all expenses related to its ongoing program activities, and the expenses related to general, administrative, and fundraising activities undertaken to support those services.

The Organization regularly monitors liquidity to meet its operating needs and other commitments. Management prepares regular cash flow projections to determine liquidity needs and has a policy to maintain all of its financial assets in cash so that they are available to cover expenditures as they arise.

The Organization's financial assets as of December 31 and those available within one year to meet cash needs for general expenditures are summarized as follows:

	<u>2020</u>	<u>2019</u>
Financial Assets at Year End:		
Cash	\$373,195	\$496,144
Contributions receivable	<u>246,377</u>	<u>464,689</u>
Total Financial Assets	619,572	960,833
Less: Amounts not Available to be Used within One Year		
Net assets with donor restrictions, subject to expenditure for specific purpose	(296,176)	(686,460)
Plus: Net assets with restrictions to be met in less than one year	<u>296,176</u>	<u>441,736</u>
Total Financial Assets Available to Meet General Expenditures within One Year	<u>\$619,572</u>	<u>\$716,109</u>

Note 3 - Net Assets

Net assets with donor restrictions are restricted for future programs and periods.

DOGS TRUST USA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 4 - Contributions Receivable

Contributions receivable are due as follows:

	<u>2020</u>	<u>2019</u>
Due in less than one year	\$246,377	\$319,965
Due in one to three years	<u>-</u>	<u>149,506</u>
	246,377	469,471
Less: Discount to present value	<u>-</u>	<u>(4,782)</u>
	<u>\$246,377</u>	<u>\$464,689</u>

Contributions receivable which are due after one year are discounted to net present value using a discount rate of 3% per annum. Uncollectible contributions receivable are expected to be insignificant.

Note 5 - Concentrations

- a - The Organization maintains its cash and cash equivalents in a financial institution which is insured by the Federal Deposit Insurance Corporation. The cash balances, at times, may exceed federally insured limits.
- b - In 2020, the Organization received 86% of its contributions from three donors. In 2019, the Organization received 83% of its contributions from five donors.

Note 6 - Risks and Uncertainties

In March 2020, the United States of America declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. This caused contributions in 2020 to be lower than anticipated and grant expenses were reduced as a result. Management continues to actively monitor the impact of the pandemic on contributions and net assets, and update financial plans accordingly.