

Animals Asia

Statement of Financial Position December 31, 2020 with Comparative Totals for December 31, 2019

	<u>12/31/20</u>	<u>12/31/19</u> (Note 2)
ASSETS		
Current Assets:		
Cash & equivalents	\$ 1,342,354	\$ 896,426
Contributions receivable (Note 3)	87,119	111,683
Prepaid expenses & deposits	13,678	12,506
Total current assets	<u>1,443,151</u>	<u>1,020,615</u>
Property & equipment, net (Note 4)	<u>2,396</u>	<u>1,979</u>
 TOTAL ASSETS	 <u><u>\$ 1,445,547</u></u>	 <u><u>\$ 1,022,594</u></u>
 LIABILITIES & NET ASSETS		
Current Liabilities:		
Accounts payable & accrued expenses	\$ 54,626	\$ 91,282
Accrued vacation pay	<u>11,617</u>	<u>22,734</u>
 TOTAL LIABILITIES	 66,243	 114,016
Net Assets		
Without donor restrictions	1,227,801	788,217
With donor restrictions (Note 5)	<u>151,503</u>	<u>120,361</u>
 TOTAL NET ASSETS	 <u>1,379,304</u>	 <u>908,578</u>
 TOTAL LIABILITIES & NET ASSETS	 <u><u>\$ 1,445,547</u></u>	 <u><u>\$ 1,022,594</u></u>

See accompanying notes to financial statements
and independent auditor's report.

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Statement of Activities and Changes in Net Assets for the Year Ended December 31, 2020 with Comparative Totals for the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total (Note 2)
Support & Revenue:				
Contributions	\$2,452,925	\$ 143,060	\$ 2,595,985	\$ 1,827,273
Government grants	-	59,700	59,700	-
Net assets released from restriction:				
Satisfaction of donor restrictions	171,618	(171,618)	-	-
Contributed services (Note 6)	224,526	-	224,526	235,577
Miscellaneous revenue	559	-	559	1,247
Total support & revenue	2,849,628	31,142	2,880,770	2,064,097
Expenses:				
Program services	1,774,383	-	1,774,383	1,222,633
Management & general	250,073	-	250,073	263,935
Fundraising	385,588	-	385,588	358,638
Total expenses	2,410,044	-	2,410,044	1,845,206
CHANGE IN NET ASSETS	439,584	31,142	470,726	218,891
NET ASSETS, January 1	788,217	120,361	908,578	689,687
NET ASSETS, December 31	\$1,227,801	\$ 151,503	\$ 1,379,304	\$ 908,578

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Statement of Functional Expenses for the Year Ended December 31, 2020 with Comparative Totals for the Year Ended December 31, 2019

	Program Services	Management & General	Fundraising	2020 Total	2019 Total (Note 2)
Salaries	\$ 70,164	\$ 72,595	\$ 127,527	\$ 270,286	\$ 286,978
Payroll taxes	5,554	5,278	8,377	19,209	23,354
Employee benefits	268	287	499	1,054	22,894
Recruitment	-	15,186	-	15,186	-
Grants made	1,417,197	-	-	1,417,197	918,325
Professional fees	6,294	37,974	-	44,268	75,645
Contributed services (Note 6)	101,495	100,528	22,503	224,526	235,577
Occupancy	11,409	6,519	14,669	32,597	16,635
Office supplies & small equipment	9,077	2,345	5,652	17,074	12,570
Postage	6,205	1,732	3,756	11,693	15,199
Insurance	860	922	1,600	3,382	3,689
Travel	6,923	542	8,496	15,961	24,071
Advertising & promotions	136,335	3,408	132,886	272,629	177,781
Bank fees	-	1,468	59,125	60,593	29,439
Depreciation	268	287	498	1,053	1,554
Miscellaneous expense	2,334	1,002	-	3,336	1,495
Total Expenses	\$ 1,774,383	\$ 250,073	\$ 385,588	\$ 2,410,044	\$ 1,845,206

See accompanying notes to financial statements
and independent auditor's report.

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Statement of Cash Flows for the Year Ended December 31, 2020 with Comparative Totals for the Year Ended December 31, 2019

	2020	2019
Cash flows from operating activities:		
Cash received from grantors/contributors	\$ 2,680,249	\$ 1,863,391
Cash received from other sources	559	1,247
Cash generated from operating activities	2,680,808	1,864,638
Cash paid to, or for the benefit of, employees	(301,666)	(331,584)
Cash grants paid	(1,417,197)	(918,325)
Cash paid to contractors and suppliers	(514,547)	(318,026)
Cash disbursed for operating activities	(2,233,410)	(1,567,935)
Net cash flows generated from operating activities	447,398	296,703
Cash flows from investing activities:		
Purchases of fixed assets	(1,470)	-
Net cash flows from investing activities	(1,470)	-
NET CHANGE IN CASH	445,928	296,703
CASH & CASH EQUIVALENTS, beginning of year	896,426	599,723
CASH & CASH EQUIVALENTS, end of year	\$ 1,342,354	\$ 896,426
 <u>Supplemental information:</u>		
 <i>Reconciliation of change in net assets to cash flows generated from operating activities:</i>		
Change in net assets	\$ 470,726	\$ 218,891
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation expense	1,053	1,554
Changes in assets and liabilities:		
Contributions receivable	24,564	36,118
Prepaid expenses and other current assets	(1,172)	(7,702)
Accounts payable	(36,656)	46,200
Accrued vacation	(11,117)	1,642
Net cash flows generated from operating activities	\$ 447,398	\$ 296,703

See accompanying notes to financial statements
and independent auditor's report.

Animals Asia Foundation Limited

Notes to the Financial Statements for the Year Ended December 31, 2020

1. The Organization

Nature of Activities

Animals Asia Foundation Limited (the Organization), a nonprofit corporation headquartered in Los Angeles, California, is the independent U.S. affiliate of Animals Asia, an international animal welfare organization.

Founded in 1998 by Jill Robinson, from her home in Hong Kong, Animals Asia promotes compassion and respect for all animals and works to bring about long-term change. The Organization works to end the barbaric bear bile trade in China and Vietnam. Animals Asia also works to end the trade in dogs and cats for food in China and Vietnam, and lobbies to improve the welfare of companion animals, promote humane population management and prevent the cross-border export of "meat dogs" in Asia.

In addition, Animals Asia campaigns for an end to abusive animal practices in zoos and safari parks in Asia, and works closely with governing authorities to improve animal management and increase awareness of the welfare needs of captive animals.

As a grantmaking foundation, the Organization fulfills its mission primarily through the provision of charitable grants to program partners abroad.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, support is recognized when it is awarded, revenue is recognized when it is earned and realizable, and expenses are recognized when they are incurred.

Cash & Cash Equivalents

The balance of cash and equivalents primarily includes deposits held in bank checking and savings accounts.

Contributions Receivable

Contributions receivable are reported at the amount management expects to collect on balances outstanding at year-end. Based on management's judgment, an allowance for doubtful accounts has been recorded. Since all amounts are due within one year of the balance sheet, a present value discount has not been recorded.

Fair Value of Financial Instruments

The carrying amounts of cash, receivables, and accounts payable approximate fair value because of the short maturity of these instruments.

Property & Equipment

Capitalized purchases of assets (consisting primarily of office furnishings and equipment with an initial cost of at least \$500) are depreciated on a straight-line basis over a period of three years.

Net Assets

Net assets, revenues, expenses, gains, and losses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Animals Asia Foundation Limited

Notes to the Financial Statements for the Year Ended December 31, 2020

Net assets without donor restrictions, which includes resources not subject to, or no longer subject to, donor-imposed stipulations.

Net assets with donor restrictions, which includes resources whose use is limited by donor-imposed time and/or purpose restrictions.

Recognition of Contributions

The Organization recognizes contributions when it receives cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest.

Contributions are reported as increases in *net assets without donor restrictions* unless use of the contributed assets is limited by donor-imposed stipulations. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in *net assets without donor restrictions* unless they are encumbered by explicit donor stipulation or by law. Expirations of donor-restrictions (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time-period has elapsed) are reported as reclassifications between the applicable classes of net assets.

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 substantially met.

Recognition of PPP Loan

In connection with economic uncertainties resulting from the Coronavirus pandemic, the Organization applied for and received a forgivable loan through the U.S. Small Business Administration's Paycheck Protection Program (PPP). Nonprofit organizations have the option of treating the funding from this program as a conditional government grant in accordance with ASC 958 or as debt in accordance with ASC 470. Because the Organization has elected the former method, the total proceeds are recognized within the government grants revenue category on the statement of activities. (The loan amount was subsequently forgiven in full on August 6, 2021.)

Contributed Services

In order to accomplish its mission, Animals Asia relies heavily on contributed professional services received from its international affiliate in Hong Kong. In accordance with generally accepted accounting principles, the Organization records the estimated fair market value of these services in the *statement of activities and changes in net assets* based on the assumption the services would need to be purchased had they not been contributed to the Organization. Due to the fact that certain assumptions must be made when calculating and recording estimates, it is at least reasonably possible that the actual value of services received differs from the amount recorded in the financial statements.

Functional Expenses

The Organization presents its expenses by function and natural category. *Program services* include the direct conduct and direct supervision of specific program activities. *Fundraising* includes efforts to solicit monetary and nonmonetary contributions. *Management & general* includes general oversight, recordkeeping, regulatory compliance, governance, financial management, and all other activities that do not constitute the direct conduct or direct supervision of specific program services or fundraising activities.

At year-end, the Organization allocates each employee's compensation to the major functions according to management's estimate of that individual's time and effort (based on job titles and major responsibilities). Other shared costs, consisting primarily of occupancy and office expenses, are then allocated according to each major function's proportionate share of salaries expense.

Animals Asia Foundation Limited

Notes to the Financial Statements for the Year Ended December 31, 2020

Advertising Costs

The Organization uses advertising to promote its programs among the audiences it serves. All advertising costs are expensed as incurred.

Income Taxes

As a public charity, the Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3), except on activities unrelated to its mission. Since management believes that all of the Organization's activities are directly related to its mission, no provision has been made for income tax expense. The Organization's federal *Return of Organization Exempt from Income Tax* (Form 990) filings for the tax years ending in 2018 through 2020 are subject to examination by the Internal Revenue Service, generally for three years after they were filed. The Organization's California *Exempt Organization Annual Information Return* (Form 199) filings for the tax years ending in 2017 through 2020 are subject to examination by the Franchise Tax Board, generally for four years after they were filed.

Use of 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.

Comparative Data

The financial statement information for the year ended December 31, 2019, presented for comparative purposes, is not intended to be a complete financial statement presentation. For a complete presentation, please refer to the financial statements for that fiscal year.

3. Contributions Receivable

Contributions receivable (due within 12 months)	\$89,716
Less: allowance for uncollectible amounts	<u>(2,597)</u>
Contributions receivable, net	\$87,119

4. Property & Equipment

Furnishings & equipment	\$14,780
Less: accumulated depreciation	<u>(12,384)</u>
Property & equipment, net	\$2,396

5. Net Assets with Donor Restrictions

The balance of net assets with donor restrictions represents amounts designated for the following:

To support a new veterinary hospital	\$40,000
Animal-welfare education project in China	31,073
Development of a comprehensive plan to end bear bile farming	30,000
For hiring a farm animal welfare coordinator	26,200
Other activities	<u>24,230</u>
Total	\$151,503

Animals Asia Foundation Limited

Notes to the Financial Statements for the Year Ended December 31, 2020

6. Contributed Services

Management, information technology, human resources and finance	\$100,529
Program support	73,181
Marketing	45,006
CRM systems	<u>5,810</u>
Total	\$224,526

7. Co-working Facility Service Agreement

The Organization occupies space in a co-working facility in Los Angeles for a monthly fee of \$2,318. As of December 31, 2020, the agreement was on a month-to-month basis. (Subsequent to year-end, the Organization renewed the agreement at the same rate for a period of 12 months.)

8. Contractual Commitments

As of December 31, 2020, the Organization has entered a contract for telemarketing fundraising service for approximately \$71,000.

9. Contingencies, Risks & Uncertainties

COVID-19

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may impact the Organization's ability to conduct program activities or raise contributions. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. As such, the financial impact of this situation cannot be reasonably estimated at this time.

Satisfaction of Donor Requirements

The Organization receives contributions that are restricted for a specific program or purpose. If such restrictions are not met in accordance with the funding source agreement, there is the possibility that funds would have to be returned to the donor. It is management's opinion that all donor restrictions have been satisfied for grants and contributions that have either been released from restriction or recorded directly to *net assets without donor restrictions*.

Cash Deposits in Excess of FDIC Insurance Limits

The Organization maintains substantially all of its cash deposits with one financial institution. Such amounts may at times exceed Federal Deposit Insurance Corporation limits, however, management believes the risk of loss is minimal. To date, the Organization has not experienced any losses in these accounts.

10. Management's Liquidity Disclosure

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments.

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Notes to the Financial Statements for the Year Ended December 31, 2020

For purposes of analyzing resources available to meet general expenditures over a 3-month period, the organization considers all expenditures related to its ongoing activities as well as the expenditures needed for general operations.

In addition to financial assets available to meet general expenditures (excluding grants), the organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Cash flows have seasonal variations during the year attributable to four quarterly appeals, and a concentration of contributions received near calendar year-end. Refer to the statement of cash flows which identifies the sources and uses of the Organization's cash and shows positive cash generate by operations for fiscal year 2020.

As of December 31, 2020, the following table shows the total financial assets held by the Organization and the amounts of those financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

Cash & equivalents	\$1,342,354
Contributions receivable	87,119
Less: net assets with donor restrictions	<u>(151,503)</u>
Total	\$1,277,970