

BIG DOG RANCH RESCUE, INC.

FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2019

BIG DOG RANCH RESCUE, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Big Dog Ranch Rescue, Inc.
Loxahatchee, Florida

We have audited the accompanying financial statements of Big Dog Ranch Rescue, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and cash flows for the year ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Organization's 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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. 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 Big Dog Ranch Rescue, Inc., as of December 31, 2019 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Certified Public Accountants

June 23, 2020

BIG DOG RANCH RESCUE, INC.

Statement of Financial Position

December 31,

2019

ASSETS

Current Assets

Cash and cash equivalents	\$ 917,348
Cash and cash equivalents restricted	475,676

Total current assets 1,393,024

Property and equipment (less accumulated depreciation of \$651,586)	8,707,707
Security deposit and other assets	8,600

\$ 10,109,331

LIABILITIES

Current Liabilities

Accounts payable and accrued expenses	\$ 316,604
Current portion of long term debt	131,866

Total current liabilities 448,470

Long term debt (less current portion above) 1,414,479

Total liabilities 1,862,949

Net Assets

Unrestricted	7,770,706
Temporarily Restricted	475,676

Total Net Assets 8,246,382

\$ 10,109,331

See accompanying notes to financial statements

BIG DOG RANCH RESCUE, INC.

Statement of Activities

				2019
<i>For the year ended December 31,</i>				
	UNRESTRICTED	FIXED	RESTRICTED	
	OPERATIONS	ASSETS	BUILDING	TOTAL
			FUND	
SUPPORT AND REVENUE:				
SUPPORT:				
Contributions	\$ 3,768,386	-	\$ 1,125,511	\$ 4,893,897
Fundraising events	2,096,161	-		2,096,161
Grants	264,065	-		264,065
Total Support	6,128,612	-	1,125,511	7,254,123
REVENUE:				
Adoption fees and other revenues	702,155			702,155
Loss on moving of property			-	-
Total Revenue	702,155		-	702,155
Total Support and revenue	6,830,767		1,125,511	7,956,278
EXPENSES:				
Program services:				
Dog rescue	4,803,263	262,389	40,300	5,105,952
Building				-
Total program services	4,803,263	262,389	40,300	5,105,952
Support services:				
General and administration	152,902	-	-	152,902
Fundraising	978,938	-	-	978,938
Total support services	1,131,840	-	-	1,131,840
Total expenses	5,935,103	262,389	40,300	6,237,792
Total increase(decrease) in net assets	895,664	(262,389)	1,085,211	1,718,486
Adjustment for prior period	(98,178)			(98,178)
Transfer of fixed assets	69,138	540,397	(609,535)	
Total	866,624	278,008	475,676	1,620,308
Net assets (deficit)- January 1, 2019	(1,803,625)	8,429,699	-	6,626,074
Net assets (deficit)- December 31, 2019	\$ (937,001)	\$8,707,707	\$ 475,676	\$ 8,246,382

BIG DOG RANCH RESCUE, INC.

Statement of Functional Expenses

2019

For the year ended December 31.

	PROGRAM SERVICES		RESTRICTED SERVICES		SUPPORTING SERVICES		Total
	Dog Rescue	Building Fund	Administrative	Fund Raising	General & Administrative	Fund Raising	
Payroll	\$ 2,270,533	\$ -	\$ 125,500	\$ 75,000	\$ -	\$ -	\$ 2,471,033
Subcontractors	69,147	-	-	-	-	-	69,147
Dog training	15,059	-	-	-	-	-	15,059
Dues and memberships	-	-	-	-	6,282	-	6,282
Professional fees	5,500	40,300	-	-	-	-	45,800
Insurance	58,522	-	-	-	1,000	-	59,522
Office supplies	45,326	-	-	-	-	-	45,326
Telephone and internet	34,848	-	-	-	1,000	-	35,848
Postage and shipping	-	-	-	-	6,451	-	6,451
Utilities	101,506	-	-	-	-	-	101,506
Travel and automobile	46,898	-	-	-	-	-	46,898
Bank charges and merchant account fees	4,950	-	-	-	4,250	55,278	64,478
Copying and printing	-	-	-	-	7,079	-	7,079
Contract and transport fees	58,956	-	-	-	-	-	58,956
Medical and veterinarian fees	666,982	-	-	-	-	-	666,982
Repairs and maintenance	183,567	-	-	-	-	-	183,567
Employee related expenses	30,904	-	-	-	-	-	30,904
Advertising and Promotion	52,917	-	-	-	-	-	52,917
Boarding fees	18,515	-	-	-	-	-	18,515
Meals	12,019	-	-	-	-	848,660	12,019
Special events	-	-	-	-	-	-	848,660
Property taxes and licenses	14,638	-	-	-	-	-	14,638
Donated food, supplies and fuel	411,293	-	-	-	-	-	411,293
Pull fees	195	-	-	-	-	-	195
Dog supplies	30,768	-	-	-	-	-	30,768
Web hosting and computer	69,873	-	-	-	-	-	69,873
Temporary labor	8,191	-	-	-	-	-	8,191
Microchips and tags	31,120	-	-	-	-	-	31,120
Gifts and contribution	-	-	-	-	1,340	-	1,340
Apparel and ranch store	40,629	-	-	-	-	-	40,629
Interest	71,577	-	-	-	-	-	71,577
China dogs	293,326	-	-	-	-	-	293,326
Pop-up store	13,410	-	-	-	-	-	13,410
Special medical pet food	24,535	-	-	-	-	-	24,535
Cremation	865	-	-	-	-	-	865
Moving	1,467	-	-	-	-	-	1,467
Hurricane expense - Bahamas	91,110	-	-	-	-	-	91,110
Hurricane relief fund	2,665	-	-	-	-	-	2,665
Rent	2,400	-	-	-	-	-	2,400
Veteran dog training	12,549	-	-	-	-	-	12,549
Office equipment	5,715	-	-	-	-	-	5,715
Miscellaneous	788	-	-	-	-	-	788
Total expenses before depreciation	4,803,263	40,300	152,902	978,938	-	-	5,975,403
Depreciation	262,389	-	-	-	-	-	262,389
Total expenses	\$ 5,065,652	\$ 40,300	\$ 152,902	\$ 978,938	\$ -	\$ -	\$ 6,237,792

See accompanying notes to financial statements

BIG DOG RANCH RESCUE, INC.

Statement of Cash Flows

<i>For the year ended December 31,</i>	2019
Operating Activities:	
Increase in net assets	\$ 1,620,308
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	262,389
Decrease (increase) in:	
Accounts receivable	64,239
Deposits and other assets	1,037
Increase (decrease) in:	
Accounts payable and accrued expenses	(179,943)
Net cash provided by operating activities	1,768,030
Investing Activities:	
Cash used for construction in process	(540,397)
Net cash used by investing activities	(540,397)
Financing Activities:	
Payment of borrowings	(90,194)
Net cash used by financing activities	(90,194)
Net increase in cash and cash equivalents	1,137,439
Cash and cash equivalents - January 1, 2019	255,585
Cash and cash equivalents - December 31, 2019	\$ 1,393,024

Big Dog Ranch Rescue, Inc.

Notes to Financial Statements

Note A - Summary of Significant Accounting Policies:

Nature of Operations

Big Dog Ranch Rescue, Inc. (the Organization), was organized in 2008 as a non-profit corporation for the purpose of foster care for mixed breeds and pure dogs for as long as necessary, until permanent homes can be found. The dogs are fed, housed and receive medical attention and include spay and neuter procedures prior to placement. The Organization operates independently and may solicit funds, contributions and gifts of any kind, and accept any gift, device, bequest and property of any kind.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation

Big Dog Ranch Rescue, Inc. requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. Unconditional promises to give (pledges) are recorded as receivables and revenues and require the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. A description of the three net asset categories follows:

Unrestricted

Net assets that are not subject to any donor imposed restrictions.

Temporarily Restricted

Net assets subject to donor-imposed restrictions that can be met either by actions of the Organization and/or the passage of time.

Permanently Restricted

Net assets subject to donor-imposed restrictions, are maintained permanently by Big Dog Ranch Rescue, Inc. The donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Furniture, Fixtures and Equipment

Furniture, fixtures and equipment are stated at cost at date of acquisition or fair value at date of donation in the case of gifts. The Organization capitalizes property and equipment with a cost of over \$500 and estimated life of 3 years or more.

Big Dog Ranch Rescue, Inc.

Notes to Financial Statements

Note A - Summary of Significant Accounting Policies (cont'd):

Depreciation

Depreciation on the furniture fixtures and equipment owned by the Organization has been computed using the straight-line method. The estimated useful lives of the assets are as follows:

	<u>Years</u>
Buildings	39
Building improvements	15
Office furniture and equipment	7
Computers	5
Telephones	5
Automobiles	5

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. Fair value approximates carrying amounts.

Contributed Materials and Services

The Organization records the value of contributed goods or services when there is an objective basis available to measure their value. Contributed materials and services are reflected as contributions in the accompanying statements at the estimated values at date of receipt. \$411,293 has been reflected in the statements for contributed supplies, goods and services for the year ended December 31, 2019. In addition, a substantial number of volunteers donated their time in the Organization's program services, however, the value of these services have not been determined.

Income Taxes

The Organization is exempt from federal income taxes, under Section 501(c)(3) of the Internal Revenue Code. Under the same provisions, the Organization is also exempt from Florida State Income Tax. However, any unrelated business income may be subject to taxation. Currently, the Organization has no obligation for any unrelated business income tax.

Big Dog Ranch Rescue, Inc.

Notes to Financial Statements

Note A - Summary of Significant Accounting Policies (cont'd):

Concentration of Credit Risks

Investments of cash in interest bearing deposits with major banks may exceed federally insured amounts. Management reviews the financial stability of these institutions on a periodic basis and does not anticipate any credit losses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Cash Flow Information

For financial statement purposes, the Organization considers all investments with original maturities of three months or less as cash equivalents.

Note B – Property and Equipment:

Property and equipment consist of the following:

<i>Year ended December 31,</i>	2019
Land	\$ 1,285,000
Completed buildings	7,853,252
Office furniture and equipment	221,041
Total	9,359,293
Less accumulated depreciation	(651,586)
TOTAL	\$ 8,707,707

Note C – Development:

During 2019, the Organization expended a total of \$631,664 for the construction of the buildings and improvements on the Big Dog Ranch Rescue, Inc. property.

Big Dog Ranch Rescue, Inc.

Notes to Financial Statements

Note D – Construction Loan:

On December 9, 2016 the Organization obtained a construction loan in the amount of \$2,000,000 from First Republic Bank to finance the construction of the building and improvements of the new property in Loxahatchee, Florida.

The loan provides for interest only for the first twelve months at 4.2% fixed interest. Thereafter, the interest continues at 4.2% for the term of the loan.

Beginning January 9, 2018, 10% of the outstanding balance as of December 9, 2017 was due. Thereafter, the note was due every six months with the next payment being July 9, 2018 then January 9, 2019 and continuing forward.

On April 1, 2019 the loan was modified to provide for monthly installment payments of \$17,241 for ten years beginning June 1, 2019 and maturing May 1, 2029 at 5% interest.

The loan is collateralized by a mortgage on the property in Loxahatchee, Florida as well as the personal guarantee of the president and founder of the Organization.

The following is a summary of principal maturities of the construction loan during the next five years:

<u>December 31,</u>	<u>Amount</u>
2020	131,866
2021	138,612
2022	145,704
2023	153,159
2024	160,994
Thereafter	816,010
Total	<u>\$ 1,546,345</u>

Note E – Litigation Claims:

One law suit and complaint arising in the ordinary course of business has been filed or is pending against the Organization. In the opinion of management, this matter is without merit or is of such kind, or involves amounts which would not have material effect on the financial position or results of operations of the Organization.

Note F – Subsequent Events:

The organization has evaluated subsequent events through June 23 2020 the date in which the financial statements were available to be issued, and noted no material subsequent events that would require disclosure in these financial statements as of December 31, 2019.