

FINANCIAL STATEMENTS

DECEMBER 31, 2020

SOUTH FLORIDA S.P.C.A. INC.

MIAMI, FLORIDA

TURNER & ASSOCIATES, LLP

CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

Miami Lakes Office Center
14505 Commerce Way, Suite 500
Miami Lakes, FL 33016

Telephone: 305-377-0777
Facsimile: 305-556-5601
www.turnercpas.com

Independent Auditors' Report

To the Board of Directors of
South Florida S.P.C.A. Inc.

We have audited the accompanying financial statements of South Florida S.P.C.A. Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, schedule of 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 judgement, 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 South Florida S.P.C.A, Inc. as of December 31, 2020, 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.

Turner & Associates, LLP

Miami, Florida
August 13, 2021

SOUTH FLORIDA S.P.C.A. INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

CURRENT ASSETS

Cash	\$	569,589
Contract receivables		50,000
Prepaid expenses and other assets		<u>14,361</u>

Total current assets \$ 633,950

PROPERTY AND EQUIPMENT, NET

821,125

TOTAL ASSETS

\$ 1,455,075

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$	39,540
Note payable - short-term portion		<u>20,848</u>

Total Current Liabilities \$ 60,388

NON CURRENT LIABILITIES

Note payable - long-term portion		<u>286,754</u>
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Total Non-current Liabilities 286,754

NET ASSETS

Without donors restrictions:

Undesignated		<u>1,067,933</u>
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Total without donor restrictions: 1,067,933

With donors restrictions

40,000

Total Net Assets 1,107,933

TOTAL LIABILITIES AND NET ASSETS

\$ 1,455,075

See independent auditors' report and notes to financial statements.

SOUTH FLORIDA S.P.C.A. INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donors Restrictions	With Donors Restrictions	Total
REVENUES AND SUPPORT			
Foundation and trust grants	\$ 253,475	\$ 105,000	\$ 358,475
Contributions	143,830	1,600	145,430
County reimbursement contract	336,736		336,736
Miscellaneous	12,025		12,025
Other revenue - Forgivable Loan	53,853		
Net assets released from restrictions	<u>106,600</u>	<u>(106,600)</u>	<u>-</u>
Total revenues and support	<u>906,519</u>	<u>-</u>	<u>906,519</u>
EXPENSES			
Program services:			
Animal health services	626,053	-	626,053
Animal care facilities	<u>37,934</u>	<u>-</u>	<u>37,934</u>
Total program services	<u>663,987</u>	<u>-</u>	<u>663,987</u>
Supporting services:			
General and administrative	85,478	-	85,478
Fundraising	<u>30,493</u>	<u>-</u>	<u>30,493</u>
Total supporting services	<u>115,971</u>	<u>-</u>	<u>115,971</u>
Total expenses	<u>779,958</u>	<u>-</u>	<u>779,958</u>
CHANGE IN ASSETS	126,561	-	126,561
NET ASSETS, January 1, 2020	<u>941,372</u>	<u>40,000</u>	<u>981,372</u>
NET ASSETS, December 31, 2020	<u>\$ 1,067,933</u>	<u>\$ 40,000</u>	<u>\$ 1,107,933</u>

SOUTH FLORIDA S.P.C.A. INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services			Support Services		Total Expenses
	Animal Health Services	Animal Care Facilities	Subtotal	General and Administrative	Fundraising	
FUNCTIONAL EXPENSES						
Animal medical expenses	\$ 94,562	\$ -	\$ 94,562	\$ -	\$ -	\$ 94,562
Bank fees	-	-	-	-	4,101	4,101
Computer and software	-	-	-	-	18,431	18,431
Depreciation	-	24,473	24,473	1,440	2,879	28,792
Facilities and equipment	41,206	-	41,206	-	-	41,206
Fundraising and events	-	-	-	-	2,573	2,573
Horses expenses	179,370	-	179,370	-	-	179,370
Interest	-	3,035	3,035	9,105	-	12,140
Insurance	-	1,786	1,786	5,357	-	7,143
Office expenses	-	3,405	3,405	10,214	-	13,619
Salaries, payroll taxes and benefits	307,038	-	307,038	34,115	-	341,153
Services and professional fees	1,640	-	1,640	24,939	1,893	28,472
Small animals	2,237	-	2,237	-	-	2,237
Utilities	-	5,235	5,235	308	616	6,159
TOTAL FUNCTIONAL EXPENSES	\$ 626,053	\$ 37,934	\$ 663,987	\$ 85,478	\$ 30,493	\$ 779,958

See independent auditors' report and notes to financial statements.

SOUTH FLORIDA S.P.C.A. INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets		\$ 126,561
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	\$ 28,792	
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Prepaid expenses	(14,361)	
Accounts payable and accrued expenses	<u>18,955</u>	
Net cash provided by operating activities		\$ <u>159,947</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(55,237)</u>	
Net cash used in investing activities		<u>(55,237)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments on note payable	\$ <u>(19,876)</u>	
Net cash used in financing activities		<u>(19,876)</u>
NET INCREASE IN CASH		84,834
CASH, January 1, 2020		<u>484,755</u>
CASH, December 31, 2020		<u><u>\$ 569,589</u></u>
Supplemental disclosure of cash flow information		
Cash paid during the period for:		
Interest		\$ <u><u>12,140</u></u>

SOUTH FLORIDA S.P.C.A. INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
NATURE OF ACTIVITIES

The South Florida S.P.C.A. Inc. (Society for the Prevention of Cruelty to Animals) (“the Society”), is a private non-profit organization located in Homestead, Florida. Founded in 1992, it is dedicated to the rescue, rehabilitation and adoption of abused, neglected and abandoned horses and other livestock. The Society also educates the community about responsible animal care, animal ownership and promotes the welfare of animals through local and national advocacy. The Society owns a ranch located in Homestead, Florida where horses and other livestock are cared for upon rescue until adoption.

METHOD OF ACCOUNTING

The accompanying financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America. During 2020, the Society changed its fiscal year to the calendar year.

BASIS OF PRESENTATION

The Society follows the recommendations of the FASB Accounting Standards Codification, (ASC), under statement ASC 958, in its statement presentation. During 2019, the Society adopted the Financial Accounting Standard Board’s Accounting Standards Update (ASU) No. 2016-14 – Not-for-Profit-Entities (Topic 958): Presentation of Financial Statements of Non-for-Profit Entities. This guidance is intended to improve the net asset classification requirements, and the information presented in the financial statements and notes about a non-for-profit entity’s liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restriction when the associated long-lived assets is placed in serviced; a recognition of underwater endowment funds as a reduction in net assets with donor restriction. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restriction, liquidity, and expenses by both their natural and functional classification. Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restriction. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restriction - Net assets available for general use and not subject to donor restrictions. The Society’s policy is to designate net assets without donor restrictions at the discretion of the Board of Directors. At December 31, 2020 there is no amount designated for specific purposes by the Board.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met either by the passage of time or can be fulfilled and removed by actions of the Society. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. At December 31, 2020 there was \$40,000 in net assets with donor restriction.

SOUTH FLORIDA S.P.C.A. INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
PROPERTY AND EQUIPMENT

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation less an allowance for depreciation. Normal repairs and maintenance are expensed as incurred whereas significant improvements, which materially increases values or extend useful lives, are capitalized and depreciated over the remaining estimated useful lives of the related assets. Depreciation is computed using primarily the straight-line method over the estimated useful lives of the assets. Upon sale or retirement of depreciable assets, the related cost and accumulated depreciation are removed from the accounts. Any gain or loss on the sale or retirement is recognized in current operations.

The Society reviews assets for impairment whenever events or circumstances indicate that the related carrying amount may not be recoverable. As of December 31, 2020 there were no assets impaired.

GRANTS AND CONTRACT REVENUE

Private Grants and reimbursement contracts revenue is reported at the estimated net realizable amounts due from grantor or sponsoring agencies. These grants and contract awards general specify the purpose for which the funds are to be used. Revenues from sponsored grants and contracts are recognized when allowable expenditures are incurred under such agreements or by incurring program related costs. Amounts recorded in grants and contracts receivable are for grant expenditures incurred in advance of the receipt of funds.

CONTRIBUTIONS

The Society accounts for contributions in accordance with FASB ASC No. 605. Contributions, including unconditional promises to give, are recognized as revenues in the period received at their fair market value. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. The Society had no promises to give recorded at December 31, 2020. Contributions, which are restricted by the donor, are reported as increases in net assets without donor restrictions if the restriction expires in the same year in which the contributions are recognized. All other donor-restricted contributions are reported as increased in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with restrictions are reclassified to net assets without restrictions. All contributions receivable are due in less than one year.

DONATED PROPERTY AND EQUIPMENT

Donated property and equipment are recorded as contributions at their estimate fair value at the date of donation. Such donations are reported as increases in net assets without restrictions. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Society reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Society reclassifies restricted net assets to unrestricted net assets at that time. The Society has no donations in kind for property and equipment for year ended December 31, 2020.

SOUTH FLORIDA S.P.C.A. INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
DONATED SERVICES

Donated services are recognized as contributions in accordance with FASB ASC No.605, if the services create or enhance non-financial assets, or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Society. Volunteers also provided fund-raising and other services throughout the year that are not recognized as contributions in the financial statements since these are not susceptible to objective measurement or valuation. The Society has no contributed services for year ended December 31, 2020.

MEMBERSHIP FEES

Membership donations are recognized as income at the time of receipts.

INCOME TAXES

The Society is exempt from income taxes under the Internal Revenue Code Section 501(c)(3). This exemption is subject to periodic review by the Internal Revenue Code and is not a private foundation. Additionally, Topic 740 provides guidance on measurement, recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Society could be subject to federal tax if they were to conduct an unrelated business. The Society had no unrelated business income during the year ended December 31, 2020. As of December 31, 2020, the Society did not have any uncertain tax positions and thus has not recognized any interest and penalties in these financial statements. Tax years that remain subject to examination by federal authorities are 2017, 2018, 2019 and 2020.

EXPENSE ALLOCATION

The costs of program and supporting services activities have been summarized on the functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Some expenses, including supplies and materials, are directly identifiable and are charged to programs and supporting services accordingly. Administrative and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. Allocations of significant costs, including compensation and related expenses, contractors, and professional and consultant fees, are based on estimates of time and effort and other reasonable methods.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

NOTE 2 - GRANTS AND CONTRACT RECEIVABLE

Private Grants and reimbursement contracts receivable are for program services provided in fiscal year ended December 31, 2020 and are considered fully collectible.

SOUTH FLORIDA S.P.C.A. INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 - PROPERTY AND EQUIPMENT

A summary of property and equipment and their estimated useful lives as of December 31, 2020 is as follows:

Classification	Estimated Useful Life (in years)		
Land	-	\$	493,294
Building	39		238,000
Building Improvements	20		100,726
Vehicle	5		47,288
Furniture and Equipment	3-5		<u>207,973</u>
			1,087,281
Accumulated Depreciation			<u>(266,156)</u>
Total Property and Equipment		\$	<u><u>821,125</u></u>

Depreciation expense for the year ended December 31, 2020 was \$28,792.

NOTE 4- COMMITMENTS

On October 1, 2012 the Society borrowed \$450,000 in the form of a mortgage note payable for the acquisition of a ranch in Homestead, Florida. The mortgage has a fixed interest rate of 3.75% with a ten-year maturity of October 1, 2022. There are monthly payments of principal and interest of \$2,668 until maturity, at which time the remaining principal balance is due. The mortgage note payable is secured by the ranch property. The outstanding balance is \$307,602 as of December 31, 2020. Interest expense for the year ended December 31, 2020 was \$12,140.

The future minimum mortgage principal payments are as follows:

<u>Year Ended December 31, 2020</u>	
2021	20,848
2022	<u>286,754</u>
	<u>\$ 307,602</u>

In 2020, the Company was granted a \$53,853 forgivable loan under the Paycheck Protection Program “PPP” administered by a Small Business Administration (SBA) approved partner. The company used the PPP loan proceeds for purposes consistent with the PPP and met the criteria for forgiveness at year-end. The forgivable loan amount was recorded, and it is reflected in the “Other revenue - Forgivable Loan” caption of the Statement of Activities.

SOUTH FLORIDA S.P.C.A. INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 5 - NET ASSETS

As of December 31, 2020 net assets with donor restriction are composed of amounts received by the Society whose use was limited by either the passage of time or stipulations set forth by the donor. As of December 31, 2020, net assets with donor restriction consist of \$40,000 received in a prior period to build a quarantine facility and the restricted funds are held in cash.

NOTE 6 - LIQUIDITY AND AVAILABILITY

Financial Assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position sheet date, comprise of the following:

		2020
Cash	\$	569,589
Contract receivables		50,000
		619,589
Less those unavailable for general expenditures within one year		40,000
Financial assets available to meet cash needs for general expenditures within one year.	\$	579,589

As part of the Society's liquidity management, the governing board has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. As of December 31, 2020, the Board has not designated or reserved any portion of the financial assets for any specific operating purposes.

NOTE 7 - CONCENTRATION OF REVENUES SOURCE

The Society has an agreement with Miami-Dade County Animal Services Department of Florida for the reimbursement of agreed upon expenses for the transport, impoundment and care of large animals which are victims of cruelty and neglect in Miami-Dade County. This includes reimbursement for animal health related services. The agreement is for \$200,000 but up to a maximum amount of \$250,000, payable upon submission of an invoice with applicable documentation on a quarterly basis. The contract period is October 1, 2019 to September 30, 2020. The receivable from this contract is \$50,000 as of December 31, 2020 and was collected subsequent to year end. The contract revenue amounted to \$336,736 and represents 37% of total support and revenue for the year ended December 31, 2020. This amount includes \$136,736 related to restitution on extraordinary expenses agreed by the Miami-Dade County to be paid during this year. The contract expires on September 30 of each year and is historically renewed for the subsequent annual period.

SOUTH FLORIDA S.P.C.A. INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 - CONTINGENCY

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the Society. The amount, if any, of expenditures, which may be disallowed by the grantor, cannot be determined at this time although the Society expects such amounts, if any, would not have a material adverse effect on the Society's financial position.

NOTE 9 - SUBSEQUENT EVENTS

The Society has evaluated events and transactions for potential recognition or disclosure in the financial statements through August 13, 2021 (the date the financial statements were available to be issued).