

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

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

**MIAMI, FLORIDA**

## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

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, 2022, and the related statements of activities, schedule of functional expenses, and cashflows 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 South Florida S.P.C.A. Inc. as of December 31, 2022, 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.

### 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 South Florida S.P.C.A. Inc. 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 South Florida S.P.C.A. Inc.'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 are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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 South Florida S.P.C.A. Inc.'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 South Florida S.P.C.A. Inc.'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.

*Turner & Associates, LLP*

Weston, Florida  
August 23, 2023

SOUTH FLORIDA S.P.C.A. INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2022

ASSETS

CURRENT ASSETS

Cash	\$	713,323
Contract receivable		50,000
Prepaid expenses and other assets		<u>18,490</u>

Total current assets \$ 781,813

PROPERTY AND EQUIPMENT, NET

862,571

TOTAL ASSETS

\$ 1,644,384

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$	55,502
Deferred revenue		3,693
Note payable - short-term portion		<u>21,262</u>

Total Current Liabilities 80,457

NON CURRENT LIABILITIES

Note payable - long-term portion		<u>241,597</u>
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Total Long-term Liabilities 241,597

TOTAL LIABILITIES

322,054

NET ASSETS

Without donors restrictions:

Undesignated		<u>1,272,330</u>
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Total without donor restrictions: 1,272,330

With donors restrictions

50,000

Total Net Assets

1,322,330

TOTAL LIABILITIES AND NET ASSETS

\$ 1,644,384

SOUTH FLORIDA S.P.C.A. INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donors Restrictions	With Donors Restrictions	Total
<b>REVENUES AND SUPPORT</b>			
Foundation and trust grants	\$ 451,436	\$ 37,860	\$ 489,296
Contributions	175,569	36,230	211,799
County reimbursement contract	200,000	-	200,000
Interest income	166	-	166
Miscellaneous	6,120	-	6,120
Special events	6,307	-	6,307
Net assets released from restrictions	64,090	(64,090)	-
Total revenues and support	903,688	10,000	913,688
<b>EXPENSES</b>			
Program services:			
Animal health services	633,860	-	633,860
Animal care facilities	56,084	-	56,084
Total program services	689,945	-	689,945
Supporting services:			
General and administrative	100,567	-	100,567
Fundraising	47,184	-	47,184
Total supporting services	147,751	-	147,751
Total expenses	837,696	-	837,696
CHANGE IN ASSETS	65,992	10,000	75,992
NET ASSETS, January 1, 2022	1,206,338	40,000	1,246,338
NET ASSETS, December 31, 2022	\$ 1,272,330	\$ 50,000	\$ 1,322,330

SOUTH FLORIDA S.P.C.A. INC.  
SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services			Support Services		Total Expenses
	Animal Health Services	Animal Care Facilities	Subtotal	General and Administrative	Fundraising	
FUNCTIONAL EXPENSES						
Animal medical	\$ 113,118	\$ -	\$ 113,118	\$ -	\$ -	\$ 113,118
Bank fees	-	-	-	-	4,352	4,352
Charitable donations	-	3,500	3,500	-	-	3,500
Computer and software	-	-	-	-	14,022	14,022
Depreciation	-	32,649	32,649	1,921	3,841	38,410
Facilities and equipment	38,532	-	38,532	-	-	38,532
Fundraising and events	-	-	-	-	23,256	23,256
Horse supplies	166,323	-	166,323	-	-	166,323
Interest	-	3,213	3,213	9,638	-	12,851
Insurance	-	6,430	6,430	19,289	-	25,719
Office and miscellaneous	-	2,933	2,933	8,800	-	11,733
Salaries, payroll taxes and benefits	308,139	-	308,139	34,238	-	342,377
Services and professional fees	5,575	-	5,575	26,249	847	32,671
Small animals	2,173	-	2,173	-	-	2,173
Utilities	-	7,360	7,360	433	866	8,659
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 633,860</b>	<b>\$ 56,084</b>	<b>\$ 689,945</b>	<b>\$ 100,567</b>	<b>\$ 47,184</b>	<b>\$ 837,696</b>

SOUTH FLORIDA S.P.C.A. INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:		\$	75,992
Change in net assets			
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	\$ 38,410		
Changes in operating assets and liabilities:			
Net change in:			
Contract receivables	200,000		
Prepaid expenses	(2,396)		
Accounts payable and accrued expenses	32,592		
Deferred revenue	<u>3,693</u>		
Net cash used in operating activities		\$	348,291
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment	<u>(83,845)</u>		
Net cash used in investing activities			(83,845)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayments on note payable	\$ <u>(24,064)</u>		
Net cash used in financing activities			<u>(24,064)</u>
NET INCREASE IN CASH			240,382
CASH, January 1, 2022			<u>472,941</u>
CASH, December 31, 2022		\$	<u><u>713,323</u></u>
Supplemental disclosure of cash flow information			
Cash paid during the period for:			
Interest		\$	<u><u>12,851</u></u>

## **Note 1 – Nature of Activities and Summary of Significant Accounting**

### **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.

### **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 Restrictions* - 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, 2022 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, 2022 there was \$50,000 in net assets with donor restriction.

### **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, 2022 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.



**Note 1 – Nature of Activities and Summary of Significant Accounting (Continued)**

**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, 2022. 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, 2022.

**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, 2022.

**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, 2022. As of December 31, 2022, 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 2019, 2020, 2021 and 2022.

**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 Society. 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.

South Florida S.P.C.A. Inc.  
Notes to the Financial Statements  
December 31, 2022

**Note 2 – Grants and Contract Receivable**

Private Grants and reimbursement contracts receivable are for program services provided in fiscal year ended December 31, 2022 and are considered fully collectible.

**Note 3 - Property and Equipment**

A summary of property and equipment and their estimated useful lives as of December 31, 2022 is as follows:

Classification	Estimated Useful Life (in years)		
Land	-	\$	493,294
Building	39		238,000
Building Improvements	20		135,263
Vehicle	5		47,288
Furniture and Equipment	3-5		286,291
			1,200,136
Accumulated Depreciation			(337,565)
Total Property and Equipment		\$	862,571

Depreciation expense for the year ended December 31, 2022 was \$38,410.

**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. On August 24, 2022, the Society refinanced their mortgage note with a fixed interest rate of 5.6% with a ten-year maturity of August 24, 2032. There are monthly payments of principal and interest of \$2,984 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 \$262,859 as of December 31, 2022. Interest expense for the year ended December 31, 2022 was \$12,851.

The future minimum mortgage principal payments are as follows:

Year Ended December 31, 2022	
2023	21,262
2024	22,462
2025	23,810
2026	25,197
2027	26,666
Thereafter	143,462
	\$ 262,859

**Note 5 – Net Assets**

As of December 31, 2022 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, 2022, the organization held \$50,000 in net assets subject to donor restrictions. Within this amount, \$40,000 had been received during a preceding period, designated for the construction of a quarantine facility and those restricted funds are held in cash. The residual sum of \$10,000 was allocated towards the renovation of the equine barn and paddock area.

South Florida S.P.C.A. Inc.  
Notes to the Financial Statements  
December 31, 2022

**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:

	<u>2022</u>
Cash	\$ 713,323
Contract receivables	<u>50,000</u>
	763,323
Less those unavailable for general expenditures within one year	<u>50,000</u>
Financial assets available to meet cash needs for general expenditures within one year.	<u>\$ 713,323</u>

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, 2022, 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, 2021 to September 30, 2022. The receivable from this contract is \$50,000 as of December 31, 2022 and was collected subsequent to year end. The contract revenue amounted to \$200,000 and represents 22% of total support and revenue for the year ended December 31, 2022. The contract expires on September 30 of each year and is historically renewed for the subsequent annual period.

**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 15, 2023 (the date the financial statements were available to be issued).