

**THE HUMANE SOCIETY OF GREATER  
JUPITER-TEQUESTA, INC.  
D/B/A FURRY FRIENDS ADOPTION,  
CLINIC & RANCH**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2019**

**THE HUMANE SOCIETY OF GREATER JUPITER-TEQUESTA, INC.  
D/B/A FURRY FRIENDS ADOPTION, CLINIC & RANCH  
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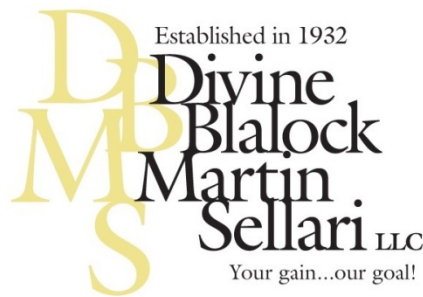
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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The Humane Society of Greater Jupiter-Tequesta, Inc.  
d/b/a Furry Friends Adoption, Clinic & Ranch  
Jupiter, Florida

We have audited the accompanying financial statements of The Humane Society of Greater Jupiter-Tequesta, Inc., d/b/a Furry Friends Adoption, Clinic & Ranch (a nonprofit organization) which comprise the statement of financial position as of December 31, 2019, the related statements of activities, 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 audits. 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 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 The Humane Society of Greater Jupiter-Tequesta, Inc., d/b/a Furry Friends Adoption, Clinic & Ranch as of December 31, 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.

*Divine, Blalock, Martin & Sellari, LLC*

**DIVINE, BLALOCK, MARTIN & SELLARI, LLC**  
**West Palm Beach, Florida**  
**January 13, 2021**

**THE HUMANE SOCIETY OF GREATER JUPITER-TEQUESTA, INC.**  
**D/B/A FURRY FRIENDS ADOPTION, CLINIC & RANCH**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**

<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 326,508
Certificate of deposit	409,412
Restricted cash - building fund	42,896
Accounts receivable	4,379
Estate gift receivable	750,033
Pledges receivable	24,000
Contributed inventory - clinic & adoption	40,000
Contributed inventory - thrift store contributed goods	30,000
Employee advance	250
<b>Total current assets</b>	<b>1,627,478</b>
<b>Fixed assets</b>	
Propert and equipment, net	8,805,937
Less: accumulated depreciation	(975,302)
<b>Net property and equipment</b>	<b>7,830,635</b>
<b>Other assets</b>	
Pledges receivable - long term	24,000
Security deposit	17,215
<b>Total other assets</b>	<b>41,215</b>
<b>Total assets</b>	<b>\$ 9,499,328</b>
<b>LIABILITIES AND NET ASSETS</b>	
<b>Current liabilities</b>	
Accounts payable	\$ 303,620
Accrued expenses	2,106
<b>Total current liabilities</b>	<b>305,726</b>
<b>Long term liabilities</b>	
Construction line of credit	2,552,920
Loan payable	175,741
<b>Total liabilities</b>	<b>3,034,387</b>
<b>Net assets</b>	
Without donor restrictions	6,300,454
With donor restrictions	164,487
<b>Total net assets</b>	<b>6,464,941</b>
<b>Total liabilities and net assets</b>	<b>\$ 9,499,328</b>

*The accompanying notes are an integral part of these financial statements.*

**THE HUMANE SOCIETY OF GREATER JUPITER-TEQUESTA, INC.**  
**D/B/A FURRY FRIENDS ADOPTION, CLINIC & RANCH**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR DECEMBER 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue:</b>			
<b>Support</b>			
Contributions	\$ 639,397	\$ 866,162	\$ 1,505,559
Wills and estates	1,215,395	-	1,215,395
In-kind contributions	50,834	-	50,834
Events	423,786	-	423,786
	<u>2,329,412</u>	<u>866,162</u>	<u>3,195,574</u>
<b>Revenue</b>			
Clinic service fees	1,800,950	-	1,800,950
Contributed goods and thrift store sales	358,956	-	358,956
Adoption service fees	177,336	-	177,336
Interest income	16,529	-	16,529
Miscellaneous income	7,995	-	7,995
Net assets released from restrictions	738,311	(738,311)	-
	<u>3,100,077</u>	<u>(738,311)</u>	<u>2,361,766</u>
<b>Total Revenue and support</b>	5,429,489	127,851	5,557,340
<b>Expenses:</b>			
<b>Program services</b>			
Clinic services	1,556,540	-	1,556,540
Thrift store expenses	212,528	-	212,528
Adoption services	1,478,480	-	1,478,480
	<u>3,247,548</u>	<u>-</u>	<u>3,247,548</u>
<b>Supporting services</b>			
Fundraising and events	489,436	-	489,436
Management and general	281,790	-	281,790
	<u>771,226</u>	<u>-</u>	<u>771,226</u>
<b>Total Expenses</b>	4,018,774	-	4,018,774
Change in net assets	1,410,715	127,851	1,538,566
<b>Net Assets, Beginning of Year</b>	4,889,739	36,636	4,926,375
<b>Net Assets, End of Year</b>	<u>\$ 6,300,454</u>	<u>\$ 164,487</u>	<u>\$ 6,464,941</u>

*The accompanying notes are an integral part of these financial statements.*

**THE HUMANE SOCIETY OF GREATER JUPITER-TEQUESTA, INC.**  
**D/B/A FURRY FRIENDS ADOPTION, CLINIC & RANCH**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<i>Program Services</i>						<b>Total</b>
	<b>Clinic</b>	<b>Thrift Store</b>	<b>Adoption</b>	<b>Total Program</b>	<b>Fundraising</b>	<b>Management &amp; General</b>	
Animal care supplies & food	\$ 17,348	\$ 153	\$ 44,053	\$ 61,554	\$ -	\$ -	\$ 61,554
Advertising & promotion	-	-	3,917	3,917	92,805	643	97,365
Auto expense	-	7,866	30,275	38,141	4,437	122	42,700
Bank fees and credit card fees	24,279	5,795	2,173	32,247	23,652	1,414	57,313
Clinic and medical expenses	478,594	-	-	478,594	-	-	478,594
Computer & internet	3,969	916	-	4,885	3,833	734	9,452
Contracted services - vets	140,185	-	5,761	145,946	-	-	145,946
Contracted services - other	5,361	1,626	7,302	14,289	24,002	2,488	40,779
Depreciation expense	-	-	-	-	-	62,879	62,879
Dues and subscriptions	2,703	144	210	3,057	1,456	839	5,352
Equipment lease & maintenance	4,846	128	5,484	10,458	214	4,404	15,076
Fundraising events	-	-	-	-	178,251	-	178,251
Insurance	61,054	14,627	79,443	155,124	4,998	34,067	194,189
Interest	13,957	-	10,336	24,293	-	9,825	34,118
License & fees	1,736	-	1,990	3,726	-	1,736	5,462
Meetings & events	9	3,762	6,592	10,363	874	151	11,388
Miscellaneous	4,310	3,232	5,875	13,417	1,823	3,202	18,442
Outside medical services	28,676	-	81,557	110,233	-	-	110,233
Office expense	2,977	300	2,348	5,625	68	565	6,258
Payroll & payroll taxes	594,975	63,049	904,116	1,562,140	127,856	122,928	1,812,924
Postage & printing	2,264	139	963	3,366	4,099	514	7,979
Professional fees & services	2,444	2,444	5,529	10,417	7,272	4,944	22,633
Property tax	4,583	-	4,583	9,166	-	4,583	13,749
Rent	111,129	96,000	80,564	287,693	7,641	6,060	301,394
Repairs and maintenance	9,486	1,780	16,368	27,634	-	2,311	29,945
Service dog training	-	-	111,567	111,567	753	-	112,320
Storage	5,613	2,180	5,359	13,152	441	3,375	16,968
Supplies	7,990	2,147	31,917	42,054	1,828	2,839	46,721
Telephone	4,699	1,122	3,992	9,813	679	1,505	11,997
Travel	390	-	1,059	1,449	-	81	1,530
Utilities	22,963	5,118	25,147	53,228	2,454	9,581	65,263
	<u>\$ 1,556,540</u>	<u>\$ 212,528</u>	<u>\$ 1,478,480</u>	<u>\$ 3,247,548</u>	<u>\$ 489,436</u>	<u>\$ 281,790</u>	<u>\$ 4,018,774</u>

*The accompanying notes are an integral part of these financial statements.*

**THE HUMANE SOCIETY OF GREATER JUPITER-TEQUESTA, INC.**  
**D/B/A FURRY FRIENDS ADOPTION, CLINIC & RANCH**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

<b>Cash flows from operating activities:</b>	
(Decrease) Increase in net assets	\$ 1,538,566
Adjustments to reconcile decrease in net assets to net cash used in operating activities:	
Depreciation	62,879
Changes in operating non-cash assets & liabilities:	
Accounts receivable	(4,379)
Estate gift receivable	(750,033)
Pledges receivable	(48,000)
Inventory	(60,000)
Employee advances	(250)
Other assets	258
Accounts payable	205,874
Accrued expenses	2,106
<b>Net cash (used) provided by operating activities</b>	<u>947,021</u>
<b>Cash flows from investing activities:</b>	
Acquisition of property and equipment	<u>(4,511,596)</u>
<b>Net cash (used) provided by investing activities</b>	<u>(4,511,596)</u>
<b>Cash flows from financing activities:</b>	
Proceeds from long-term debt	2,552,920
Repayment to long-term debt	<u>(34,603)</u>
<b>Net cash (used) provided by financing activities</b>	<u>2,518,317</u>
(Decrease) Increase in cash and cash equivalents	(1,046,258)
Cash and cash equivalents, beginning of year	<u>1,825,074</u>
Cash and cash equivalents, end of year	<u><u>\$ 778,816</u></u>
<b>Supplemental disclosures:</b>	
Cash summary	
Cash and cash equivalents	\$ 326,508
Certificate of deposit	409,412
Restricted cash - building fund	<u>42,896</u>
	<u><u>\$ 778,816</u></u>

*The accompanying notes are an integral part of these financial statements.*



**THE HUMANE SOCIETY OF GREATER JUPITER-TEQUESTA, INC.  
D/B/A FURRY FRIENDS ADOPTION, CLINIC & RANCH  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

**Nature of activities**

The Humane Society of Greater Jupiter-Tequesta, Inc. d/b/a Furry Friends Adoption, Clinic & Ranch (the Organization) is an independent not-for-profit Organization that provides complete care for abused and abandoned animals, from rescue to medical care, rehabilitation, and placement in a forever home across Martin and palm Beach Counties.

**Basis of accounting**

The Organization's financial statements are prepared on the accrual basis of accounting and in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*.

**Basis of presentation**

The Organization records unconditional promises to give (pledges) as contributions at fair value at the date the promises are received or made and distinguishes between promises received for each net asset category in accordance with donor restrictions, if any.

Net assets and revenue, expenses, gains and losses are classified as net assets with donor restrictions and net assets without donor restrictions based on the existence or absence, respectively, of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as follows:

**Net assets without donor restrictions** – Net assets that are not subject to donor-imposed stipulations and may be used for any purpose designated by the Organization's Board of Directors.

**Net assets with donor restrictions** – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization or the passage of time and net assets subject to donor-imposed stipulations to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the earnings on related investments for general or specific purposes.

**Cash and cash equivalents**

Cash and cash equivalents consist of non-interest-bearing demand deposit accounts and interest-bearing money market accounts. Cash equivalents are short term investments with a maturity date of three months or less from the date of purchase.

**Certificate of deposit**

Certificates of deposit are federally insured and carried at amortized cost, as the Organization has both the intent and ability to hold them until maturity. The bank issued certificate of deposit is insured by the FDIC up to \$250,000. At maturity, the Organization will receive the principal plus a supplemental payment or minimum interest, if any, that is based on the performance of an underlying index or market measure.

**THE HUMANE SOCIETY OF GREATER JUPITER-TEQUESTA, INC.  
D/B/A FURRY FRIENDS ADOPTION, CLINIC & RANCH  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Restricted cash**

Restricted Cash Restricted cash is maintained in separate bank accounts, in accordance with donor stipulations. These funds have been restricted by donors for future building expenses.

**Concentrations of credit risk**

The concentration of credit risk associated with cash and cash equivalents is considered low due to the credit quality of the financial institutions and the immediate availability of these financial instruments.

**Promises to Give**

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which contributions are recognized. All other donor-restricted contributions are reported as increases net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**Estate gift receivable**

Estate gifts that are due and not received as of the financial statement date are accrued as unconditional promises to give when probate court has declared the will valid. As of December 31, 2019, the Organization had an estate gift receivable of \$750,033.

**Inventory – Thrift Store Contributed Goods**

Contributed goods inventory consists of donor contributed goods, which are valued according to an estimate of fair value at the time of the donation. This estimate considers that fair value is that portion of retail value which exceeds Furry Friends cost of processing the merchandise for sale. Furry friends follows the practice of measuring contributed goods inventory based on an accepted model of excess value over costs of processing. Contributed goods received during the year are reported in the Statement of Activities in contributed goods and thrift store sales.

**Inventory – Clinic & Adoption**

Inventory consists of medical supplies, prescriptions, dog food and general clinic/adoption supplies.

**THE HUMANE SOCIETY OF GREATER JUPITER-TEQUESTA, INC.**  
**D/B/A FURRY FRIENDS ADOPTION, CLINIC & RANCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Land, Building and Equipment**

Land, Building and equipment are recorded at cost or fair market value at the date of the gift in the case of donated property and equipment. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absences of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property and equipment, the appropriate property and equipment accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

Depreciation of property and equipment is recorded using straight-line method over estimated useful lives of the related assets, which range as follows:

Building and improvements	39 years
Furniture & Equipment	7 years
Vehicles	5 years

**Impairment of Long-Lived Assets**

The Organization reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. For assets held and used, if the undiscounted cash flows estimated to be generated by those assets are less than their carrying amounts, an impairment loss has occurred. The amount of the impairment loss is equal to the asset's carrying value over its estimated fair value. No impairment loss has been recognized by the Organization for the year ended December 31, 2019.

**In-Kind Contributions and Services**

Contributed goods and store sales consists of the sale of donor contributed goods. Support is recognized upon sale, as an allocation of the overall retail price received. In-kind materials and services are reflected upon receipt and are recorded at cost or estimated cost, where practicable, as expenses for program services. The contributions of services are recognized if the services received create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those kills and would typically need to be purchased if not provided by donation.

**THE HUMANE SOCIETY OF GREATER JUPITER-TEQUESTA, INC.**  
**D/B/A FURRY FRIENDS ADOPTION, CLINIC & RANCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue recognition**

The Organization recognizes contributions when received or when a donor or grantor makes an unconditional promise to give. Donor pledges are considered an intent to give rather than an unconditional promise to give. Accordingly, pledges are not recognized as support at the time of the pledge. Donations that contain donor stipulations that limit the use of an asset for specific purposes or designates the support for future periods, are reported as an increase in net assets with donor restrictions and net assets without donor restrictions depending upon the nature of the restriction. When a donor restriction expires, that is, when a stipulation time restriction ends or a purpose restriction is accomplished; net assets with donor restrictions are reclassified and reported in the statements of activities as net assets released from restrictions. Donor contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Contributions of long-lived assets (e.g., property and equipment) or contributions that the donor requires to be used to acquire long-lived assets are reported as net assets with donor restrictions. Furry Friends reflects the expiration of the donor-imposed restriction when long-lived assets have been placed in service, at which time 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.

**Program Services**

*Clinic* - Animal clinic that offers affordable high-quality healthcare for pets performed by skilled professionals with a passion for giving all animals a happy and healthy life.

*Thrift store* – The store has a variety of donated items for sale, and every dollar contributes to housing and caring for countless rescued animals.

*Adoption* – Animal adoption center where rescued animals are cared for, sprayed or neutered, and hopefully placed in permanent homes.

**Functional classification of expenses**

In the accompanying statements of activities, expenses have been reported by their functional classification, a method of grouping expenses according to the purpose for which they were incurred. The primary functional classifications are program services and supporting activities. Program services are the activities that result in services being provided to members that fulfill the purposes or mission for which the Organization exists. Supporting activities are all activities of the Organization's other than program services and are included in the financial statements as management and general expenses and fundraising expenses.

Expenses are recorded in the period in which the obligation is incurred. Expenses are charges directly to program services or support activities based on specific identification, when possible. Indirect expenses are allocated among the programs and support categories based on the level of benefit received as measured by personnel time and facility usage associated with the activity or function.

**THE HUMANE SOCIETY OF GREATER JUPITER-TEQUESTA, INC.**  
**D/B/A FURRY FRIENDS ADOPTION, CLINIC & RANCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income taxes**

The Organization is a tax-exempt, not-for-profit corporation under Internal Revenue Code (IRC) Section 501(c) (3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Internal Revenue Service notified Furry Friends by letter dated February 23, 2015, that its governing documents and plan of operations were designed in accordance with section 501(c)(3) of the Internal Revenue Code (the Code)

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if Furry Friends has taken an uncertain position that more than likely would not be substantiated upon examination by the tax authorities. Management monitors the on-going financial and functional activities undertaken by the Organization for compliance with its exempt status requirements and has concluded that for the tax reporting period ended December 31, 2019, there were no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is no longer subject to income tax examinations for years prior to 2015.

**Recently Adopted Pronouncements**

The Financial Accounting Standards Board (FASB) issued new guidance that created:

- Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.
- ASU 2018-08, *Not-for-profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* will be effective for the Organization for the year ending December 31, 2021. ASU 2018-08 clarifies the guidance for evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional.

Analysis of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

**Recent Accounting Pronouncements**

The FASB has issued the following accounting standards updates that may affect the Organization in future years. Management is evaluating the effects, if any, of the following updates:

- ASU 2016-02, *leases*, will be effective for the Organization for the year ending December 31, 2021 and must be adopted using a modified retrospective method. ASU 2016-02 generally requires lessees to recognize assets and liabilities arising from leases on the statements of financial position.

**THE HUMANE SOCIETY OF GREATER JUPITER-TEQUESTA, INC.**  
**D/B/A FURRY FRIENDS ADOPTION, CLINIC & RANCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain 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. The use of estimates include, but are not limited to, amounts earned in the reporting period under grant contracts, the estimated value of in-kind services, the allocation of expenses among program and support categories, and useful lives of depreciable assets. Actual results could differ from those estimates.

**NOTE 2 – PLEDGES RECEIVABLE**

Pledges are recorded as receivables and support when received or promised. These pledges are considered unconditional promises to give which is a promise to give that depends only on the passage of time or demand by the promise for performance. Pledges receivable as of December 31, 2019 was \$48,000:

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31, 2019:

Land	\$ 1,997,141
Building	4,840,356
Improvements	1,242,270
Equipment, Furniture & Fixtures	564,294
Vehicles	<u>61,332</u>
	8,705,393
Less: accumulated depreciation	<u>(975,302)</u>
Property and equipment, net	<u><u>\$ 7,730,091</u></u>

Total depreciation expense for the year ended December 31, 2019 amounted to \$62,879.

**NOTE 4 – LINE OF CREDIT**

The Organization obtained a construction line of credit with PNC Bank in the amount of \$3,200,000 during October 2018. The credit line bears interest at prime and accrues on the outstanding unpaid principal balance. Interest only payments are due and payable on the same day each month, commencing November 26, 2018 until the conversion date (September 26, 2020). On the conversion date the then-outstanding balance was be termed out on a 20-year amortization schedule. Payments of principal together with interest will be due and payable in consecutive monthly installments until maturity which is the tenth anniversary of the conversion date (September 26, 2029), when the remaining balance will be due. As of December 31, 2019, the balance due was \$2,552,920.

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**NOTE 5 – LOAN PAYABLE**

The Organization has received loans over the years from a donor for cash flow purposes. The donor owns a farm with several animals, many of which were adopted from Furry Friends. Any veterinary services or treatment for these animals is performed by the clinic and reduces the loan balance and any additional donations increase the balance. The loan is due on demand and has no repayment terms. The balance as of December 31, 2019 was \$175,741.

**NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS**

As of December 31, 2019, the Organization had \$164,487 of net assets with donor restrictions, which consisted of the following:

	December 31, 2018	Contributions	Released	December 31, 2019
Building Fund	\$ 36,636	\$ 723,222	\$ (625,991)	\$ 133,867
Shelter to Service	-	142,910	(112,320)	30,590
	<u>\$ 36,636</u>	<u>\$ 866,132</u>	<u>\$ (738,311)</u>	<u>\$ 164,457</u>

**NOTE 7 – LEASE COMMITMENTS**

The Organization operated its thrift store, adoption center and animal care clinic in leased facilities under operating lease arrangements. For the year ended December 31, 2019, facility lease expense totaled \$301,395. During 2019 the adoption center and animal care clinic lease expired and wasn't renewed as the organization completed construction of their new facility.

Future minimum annual lease payments for the thrift store for the remaining terms of the lease in effect at December 31, 2019 are as follows:

Year Ending December 31,	Clinic/Adoption	Thrift Store	Total
2020	\$ -	\$ 96,000	\$ 96,000
2021	-	96,000	96,000
2022	-	96,000	96,000
2023	-	80,000	80,000
2024	-	-	-
	<u>\$ -</u>	<u>\$ 368,000</u>	<u>\$ 368,000</u>

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**NOTE 8 - LIQUIDITY**

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general expenditures within one year of the statement of financial position date.

Financial assets:	
Cash and cash equivalents	\$ 369,404
Certificate of deposit	409,412
Restricted cash - building fund	42,896
Accounts, Estate and Pledges receivables	<u>778,412</u>
Total Financial assets, at the year end	1,600,124
Less those unavailable for general expenditures within one year due to:	
Donor restricted	<u>164,457</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,435,667</u>

**NOTE 9 – SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events occurring after the balance sheet date of December 31, 2019 through the date of January 13, 2021, which is the date the financial statements were available to be issued.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

Subsequent to year end, the Organization applied for, was approved and received a \$337,500 loan under the Paycheck Protection Program (PPP) and a \$149,900 loan under the Economic Injury Disaster Loan (EIDL) created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The PPP loan accrues interest at 1%, with payments to begin six months after the funding of the loan and is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The EIDL loan accrues interest at 2.75%, with payments to begin twelve months after the funding of the loan. Both loans are uncollateralized and are fully guaranteed by the Federal government.