

Stephanie L. Hartnett, CPA, P.A.

**FIRST COAST NO MORE HOMELESS PETS, INC.
(A NONPROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULES
YEARS ENDED SEPTEMBER 30, 2020 AND 2019
AND INDEPENDENT AUDITOR'S REPORT**

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MEMBERS
AICPA AND
FICPA

INDEPENDENT AUDITOR'S REPORT

Board of Directors
First Coast No More Homeless Pets, Inc.
Jacksonville, Florida

I have audited the accompanying financial statements of First Coast No More Homeless Pets, Inc. (the "Organization") (A Nonprofit Corporation), which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of First Coast No More Homeless Pets, as of September 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Stephanie L. Hartnett
Stephanie L. Hartnett, CPA, P.A.
Jacksonville, Florida
November 30, 2020

**FIRST COAST NO MORE HOMELESS PETS, INC.
(A NONPROFIT ORGANIZATION)**

**STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 and 2019**

ASSETS

	September 30	
	2020	2019
Current Assets:		
Cash and cash equivalents (Note B)	\$ 1,493,333	\$ 149,239
Accounts receivable	683,561	688,944
Pledges receivable	33,439	69,970
Refundable deposits	31,540	18,795
Inventory	83,773	84,648
Total Current Assets	<u>2,325,646</u>	<u>1,011,596</u>
Fixed Assets:		
Land	68,750	68,750
Buildings and improvements	3,321,786	3,314,150
Machinery and equipment	823,757	800,887
Furniture and fixtures	94,636	94,636
Vehicles	68,856	163,117
	<u>4,377,785</u>	<u>4,441,540</u>
Less accumulated depreciation	<u>(1,518,499)</u>	<u>(1,443,265)</u>
Total Fixed Assets	<u>2,859,286</u>	<u>2,998,275</u>
Total Assets	<u>\$ 5,184,932</u>	<u>\$ 4,009,871</u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and accrued expenses	\$ 367,753	\$ 459,260
Deferred revenue	192,592	400,443
Current portion of notes payable	207,238	253,430
Total Current Liabilities	<u>767,583</u>	<u>1,113,133</u>
Notes payable, net of current portion	3,472,042	2,588,600
Total Liabilities	<u>4,239,625</u>	<u>3,701,733</u>
Net Assets:		
Without donor restrictions	945,307	308,138
With donor restrictions	-	-
Total Net Assets	<u>945,307</u>	<u>308,138</u>
Total Liabilities and Net Assets	<u>\$ 5,184,932</u>	<u>\$ 4,009,871</u>

See notes to financial statements.

**FIRST COAST NO MORE HOMELESS PETS, INC.
(A NONPROFIT ORGANIZATION)**

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019**

OPERATING ACTIVITIES:

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:

	Year Ended September 30	
	2020	2019
SUPPORT AND REVENUE:		
Program service fees	\$ 7,527,396	\$ 7,704,967
Contributions (includes in-kind of \$429,923 and \$298,899)	1,002,730	886,759
Grants	105,355	110,777
Special events	402,144	358,019
	<u>9,037,625</u>	<u>9,060,522</u>
Total public support and revenues		
EXPENSES:		
Program services:		
Animal protection and care	7,434,409	8,034,783
Supporting services:		
General and administrative	648,566	672,892
Fundraising	318,614	507,834
	<u>8,401,589</u>	<u>9,215,509</u>
Total expenses		
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES		
NONOPERATING ACTIVITIES:		
Miscellaneous	1,133	506
	<u>1,133</u>	<u>506</u>
CHANGE IN NET ASSETS FROM NONOPERATING ACCOUNTS		
CHANGE IN NET ASSETS	\$ 637,169	\$ (154,481)
NET ASSETS AT BEGINNING OF YEAR	<u>308,138</u>	<u>\$ 462,619</u>
NET ASSETS AT END OF YEAR	<u>\$ 945,307</u>	<u>\$ 308,138</u>

See notes to financial statements.

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**FIRST COAST NO MORE HOMELESS PETS, INC.
(A NONPROFIT ORGANIZATION)**

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Program Services	Supporting Services	Total
	Animal Protection & Care	General & Administrative	Expenses
		Fund Raising	
Wages and benefits	\$ 3,751,277	\$ 304,350	\$ 4,241,970
Payroll taxes and benefits	532,156	37,464	595,717
	4,283,433	341,814	4,837,687
Advertising	3,865	-	5,010
Automotive expenses	9,255	-	9,255
Bank services charges	114,341	729	120,461
Computer expense	49,479	3,837	69,057
Depreciation	-	190,806	190,806
Direct mail	-	-	25,979
Dues and subscriptions	7,977	-	9,813
Insurance	-	26,733	26,733
Interest expense	84,682	-	86,291
Licenses and permits	140,833	537	141,370
Miscellaneous expenses	6,475	4,792	11,860
Office supplies	10,999	1,381	12,759
Postage and delivery	497	494	1,590
Printing and reproduction	31,433	1,986	37,889
Professional fees (includes \$40,137 in-kind)	63,389	42,324	111,341
Program supplies (includes \$258,762 in-kind)	2,447,039	5,500	2,452,539
Rent	5,920	2,750	8,670
Repairs and maintenance (includes \$32,881 in-kind)	21,763	6,543	28,306
Special event expenses (includes \$3,500 in-kind)	-	-	21,020
Training	2,440	995	3,435
Travel	735	-	735
Utilities	149,854	17,345	188,983
Total expenses	\$ 7,434,409	\$ 648,566	\$ 8,401,589
		\$ 318,614	\$ 8,401,589

See notes to financial statements.

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**FIRST COAST NO MORE HOMELESS PETS, INC.
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**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Program Services	Supporting Services	Total
	Animal Protection & Care	General & Administrative	Expenses
		Fund Raising	
Wages and benefits	\$ 4,353,433	\$ 350,937	\$ 5,072,339
Payroll taxes and benefits	299,979	24,296	348,560
	4,653,412	375,233	5,420,899
Advertising	133,243	-	135,565
Automotive expenses	10,654	-	10,654
Bank services charges	142,184	1,696	151,117
Computer expense	40,218	3,530	60,524
Depreciation	-	187,601	187,601
Direct mail	-	-	40,110
Dues and subscriptions	5,743	-	7,948
Insurance	77,212	22,574	108,327
Interest expense	119,581	2,383	124,259
Licenses and permits	100,371	1,033	101,404
Miscellaneous expenses	5,953	2,454	9,393
Office supplies	10,210	579	11,307
Postage and delivery	460	697	3,184
Printing and reproduction	28,245	1,769	38,086
Professional fees (includes \$40,137 in-kind)	17,428	47,999	66,516
Program supplies (includes \$258,762 in-kind)	2,493,689	687	2,494,376
Rent	11,841	1,750	13,591
Repairs and maintenance (includes \$32,881 in-kind)	37,280	5,530	42,810
Special event expenses (includes \$3,500 in-kind)	-	-	-
Training	537	-	537
Travel	553	-	695
Utilities	145,969	17,377	186,606
Total expenses	\$ 8,034,783	\$ 672,892	\$ 9,215,509
		\$ 507,834	

See notes to financial statements.

**FIRST COAST NO MORE HOMELESS PETS, INC.
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**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	<u>Year Ended September 30</u>	
	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES:		
Increase in net assets	\$ 637,169	\$ (154,481)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	190,806	187,601
Change in accounts receivable	5,383	28,577
Change in pledges receivable	36,531	76,618
Change in refundable deposits	(12,745)	(5,172)
Change in inventory	875	80,576
Change in accounts payable and accrued expenses	(91,507)	(171,902)
Change in deferred revenue	<u>(207,851)</u>	<u>34,093</u>
Net cash provided from operating activities	<u>558,661</u>	<u>75,910</u>
INVESTING ACTIVITIES:		
(Purchase) of fixed assets, net	<u>(51,817)</u>	<u>(36,061)</u>
Net cash provided by (used in) investing activities	<u>(51,817)</u>	<u>(36,061)</u>
FINANCING ACTIVITIES:		
Additions (payoff) of notes payable	<u>837,250</u>	<u>(86,559)</u>
Net cash provided by (used in) financing activities	<u>837,250</u>	<u>(86,559)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,344,094	(46,710)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>149,239</u>	<u>195,949</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 1,493,333</u></u>	<u><u>\$ 149,239</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid	<u><u>\$ 86,291</u></u>	<u><u>\$ 124,259</u></u>

See notes to financial statements.

**FIRST COAST NO MORE HOMELESS PETS, INC.
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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

A. ORGANIZATION

First Coast No More Homeless Pets, Inc. (the “Organization”) was organized in Jacksonville, Florida in 2002 as a nonprofit corporation to eliminate the killing of dogs and cats in northeast Florida through targeted spaying and neutering programs. Revenues are derived principally from program service fees, contributions and grants.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the 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 restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents – Cash and cash equivalents principally include cash on hand, cash on deposit, certificates of deposit, and investments with an original maturity of three months or less.

**FIRST COAST NO MORE HOMELESS PETS, INC.
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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019 (CONTINUED)**

Contributions – Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

Investments – Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments, is presented in the statement of activities in accordance with donor restrictions as investment return. Investment return is presented net of investment fees. The average cost method is primarily used to determine the basis for computing realized gains or losses.

Measure of Operations – The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

Fixed Assets – Fixed assets are recorded at cost or estimated value at date of donation. Depreciation is computed using the straight-line method over estimated useful lives of 5 to 10 years.

**FIRST COAST NO MORE HOMELESS PETS, INC.
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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019 (CONTINUED)**

Tax Status – The Organization is exempt from Federal income taxes under Internal Revenue Code Section 501 (c)(3).

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles 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.

New Accounting Pronouncement – On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Functional Expenses – The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis.

Volunteer Services – The Organization receives significant donated services from unpaid volunteers assisting in the program, management, and fundraising activities. No amounts have been recognized in the statement of activities because the criteria for recognition under FASB ASC 958-10-20 have not been satisfied. Management estimates that there were approximately 9,735 and 12,484 hours of volunteer service rendered to the Organization during the years ended September 30, 2020 and 2019.

Inventory – Inventory is stated at cost. The inventory is counted once a month and adjusted to actual.

**FIRST COAST NO MORE HOMELESS PETS, INC.
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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019 (CONTINUED)**

C. OPERATING LEASES

The Organization uses operating leases for rental of equipment, buildings and parking space. These leases are month-to-month, with no minimum lease commitments extending beyond the current month.

Rental expense under the leases described above during the years ended September 30, 2020 and 2019 was \$25,202 and \$13,591, respectively.

D. NOTES PAYABLE

The Organization has two notes payable to a board member, secured by furniture and equipment, at an annual rate of 4.25%. Principal and interest are computed using a 10-year amortization schedule. Such amortization requires monthly payments of \$4,846 including interest. The balance on these two notes at September 30, 2020 and 2019 was \$271,238 and \$303,703, respectively.

The Organization has a 5.55% note payable to a commercial bank with principal payments beginning April 1, 2013. Principal and interest are computed using a 20-year amortization schedule. Such amortization requires monthly payments of \$2,167 (including interest). The note is secured by a mortgage on the Organization's real estate. The balance on this note at September 30, 2020 and 2019 was \$285,774 and \$292,944, respectively.

The Organization has a 3% note payable to the City of Jacksonville, Florida. Monthly payments of \$914 (including interest) are computed using a 25-year amortization schedule. The note is secured by a second mortgage on the Organization's real estate. The balance on this note at September 30, 2020 and 2019 was \$123,423 and \$130,569, respectively.

**FIRST COAST NO MORE HOMELESS PETS, INC.
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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019 (CONTINUED)**

The Organization has a 4.72 note payable to a commercial bank with principal payments beginning October 2017 (interest only through September 2016). Monthly payments of \$7,678 (including interest) are computed using a 15-year amortization schedule. The note is secured by a mortgage on the Organization's new building on Cassatt Avenue. The balance on this note at September 30, 2020 and 2019 was \$951,591 and \$985,574.

The Organization has a 4.75 note payable to a commercial bank with principal payments beginning January 2017 (interest only through December 2015). Monthly payments of \$6,576 (including interest) are computed using a 5-year amortization schedule. The note is secured by equipment. The balance on this note at September 30, 2020 and 2019 was \$28,678 and \$92,131.

The Organization has a 3% note payable to the City of Jacksonville, Florida. Monthly payments of \$2,851 (including interest) are computed using a 185-month amortization schedule. The note is secured by a second mortgage on the Organization's real estate. The balance of this note at September 30, 2020 and 2019 was \$332,951 and \$356,789, respectively.

The Organization has a 4% note payable to Best Friends Animal Society (a Utah nonprofit corporation). Monthly payments of \$2,025 (including interest) are computed using a 4-year amortization schedule beginning May 1, 2017. The balance on this note at September 30, 2020 and 2019 was \$174,847 and \$191,782, respectively.

The Organization has a 2.625% note payable to the U. S. Small Business Administration ("SBA"). Monthly payments of \$347 (including interest) are computed using a 360-month amortization schedule. The note is secured by the Organization's building on Norwood Avenue. The balance of this note at September 30, 2020 and 2019 was \$76,866 and \$79,070, respectively.

The Organization has a 2.5% note payable to the U. S. Small Business Administration ("SBA"). Monthly payments of \$2,309 (including interest) are computed using a 360-month amortization schedule. The note is secured by the Organization's buildings on Cassat and Norwood Avenue. The balance of this note at September 30, 2020 and 2019 was \$289,512 and \$309,468, respectively.

**FIRST COAST NO MORE HOMELESS PETS, INC.
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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019 (CONTINUED)**

The Organization has a 2.75% note payable to the U. S. Small Business Administration (“SBA”). Monthly payments of \$641 (including interest) are computed using a 360-month amortization schedule. The note is secured by the Organization’s building on Cassat and Norwood Avenue. The balance of this note at September 30, 2020 and 2019 was \$160,000 and \$0.

The Organization has a 1.00% note payable to a commercial bank through the Small Business Administration (“SBA”). The note represents a paycheck protection program (“PPP”) to assist the Organization in keeping current with their payroll expenses. The principal and accrued interest due and owing under the note may be partially or completely forgiven in accordance with the requirements of the PPP regulations, which require submission of adequate documentation concerning the application of note proceeds. The balance of this note at September 30, 2020 and 2019 was \$984,400 and \$0.

Interest expense on these loans for the years ended September 30, 2020 and 2019 was \$86,291 and \$124,259, respectively.

Expected maturity of debt is as follows for years ended September 30:

2021	\$758,415
2022	625,790
2023	196,887
2024	204,860
2025	201,009
Thereafter	<u>1,692,319</u>
	<u>\$3,679,280</u>

E. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 30, 2020, the date on which the financial statements were issued, and has determined there are no subsequent events.