



First Coast No More Homeless Pets, Inc.

Financial Statements

Year Ended September 30, 2021



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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying statement of financial position of First Coast No More Homeless Pets, Inc. (the "Organization"), a non-profit corporation, as of September 30, 2021, and 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.

Auditors' 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 of 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 auditors' judgment, including the assessment of 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 Organization'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 Organization as of September 30, 2021, the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Dixon Hughes Goodman LLP

Jacksonville, FL
March 15, 2022

First Coast No More Homeless Pets, Inc.
Statement of Financial Position
September 30, 2021

ASSETS

Current assets:	
Cash and cash equivalents	\$ 1,389,852
Accounts receivable	319,716
Pledges receivable, current	5,000
Refundable deposits	34,843
Inventory	<u>80,947</u>
Total current assets	<u>1,830,358</u>
Bequests receivable	<u>128,552</u>
Pledges receivable, long-term	<u>20,000</u>
Property and equipment:	
Land	68,750
Buildings and improvements	3,333,723
Machinery and equipment	829,994
Furniture and fixtures	94,426
Vehicles	<u>68,856</u>
	4,395,749
Less accumulated depreciation	<u>(1,630,615)</u>
Total property and equipment	<u>2,765,134</u>
Total assets	<u><u>\$ 4,744,044</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable and accrued expenses	\$ 374,618
Notes payable, current	<u>223,030</u>
Total current liabilities	597,648
Notes payable, net of current	<u>2,110,469</u>
Total liabilities	<u>2,708,117</u>
Net assets:	
Without donor restrictions	1,814,285
With donor restrictions	<u>221,642</u>
Total net assets	<u>2,035,927</u>
Total liabilities and net assets	<u><u>\$ 4,744,044</u></u>

See accompanying notes.

First Coast No More Homeless Pets, Inc.
Statement of Activities
Year Ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Program service fees	\$ 6,450,866	\$ -	\$ 6,450,866
Contributions	203,344	519,213	722,557
In-kind contributions	717,085	-	717,085
Grants	1,089,080	-	1,089,080
Special events	345,436	-	345,436
Net assets released from restrictions	297,571	(297,571)	-
Total revenue and support	<u>9,103,382</u>	<u>221,642</u>	<u>9,325,024</u>
Expenses:			
Program services:			
Animal protection and care	7,714,832	-	7,714,832
Supporting services:			
General and administrative	549,724	-	549,724
Fundraising	422,250	-	422,250
Total expenses	<u>8,686,806</u>	<u>-</u>	<u>8,686,806</u>
Change in net assets from operating activities	<u>416,576</u>	<u>221,642</u>	<u>638,218</u>
Nonoperating activities:			
Miscellaneous	1,548	-	1,548
Insurance proceeds	450,854	-	450,854
Change in net assets from nonoperating activities	<u>452,402</u>	<u>-</u>	<u>452,402</u>
Change in net assets	868,978	221,642	1,090,620
Net assets, October 1, 2020	<u>945,307</u>	<u>-</u>	<u>945,307</u>
Net assets, September 30, 2021	<u>\$ 1,814,285</u>	<u>\$ 221,642</u>	<u>\$ 2,035,927</u>

First Coast No More Homeless Pets, Inc.
Statement of Functional Expenses
Year Ended September 30, 2021

	Supporting Services				Total	
	Program Expense	General & Administrative		Fundraising		Subtotal
		Animal Protection & Care				
Personnel:						
Salaries	\$ 3,817,208	\$ 343,976	\$ 259,777	\$ 603,753	\$ 4,420,961	
Payroll taxes and benefits	481,088	36,277	31,595	67,872	548,960	
Total personnel expenses	4,298,296	380,253	291,372	671,625	4,969,921	
Advertising	5,610	-	2,087	2,087	7,697	
Automotive expenses	10,469	-	-	-	10,469	
Bank service charges	138,036	-	7,711	7,711	145,747	
Computer expense	80,002	7,100	18,794	25,894	105,896	
Direct mail	-	-	55,925	55,925	55,925	
Dues and subscriptions	13,036	-	1,968	1,968	15,004	
Insurance	-	28,745	-	28,745	28,745	
Interest expense	104,444	-	2,062	2,062	106,506	
Licenses and permits	129,628	767	-	767	130,395	
Miscellaneous	3,981	4,089	360	4,449	8,430	
Office supplies	7,518	1,733	1,181	2,914	10,432	
Postage and delivery	475	258	2,232	2,490	2,965	
Printing and reproduction	36,979	755	6,613	7,368	44,347	
Professional fees	15,461	91,895	3,487	95,382	110,843	
Program supplies	2,548,270	-	-	-	2,548,270	
Rent	-	2,500	-	2,500	2,500	
Repairs and maintenance	34,105	5,194	-	5,194	39,299	
Training	7,869	167	-	167	8,036	
Utilities	163,583	17,926	22,051	39,977	203,560	
Total expenses before non-cash expenses	7,597,762	541,382	415,843	957,225	8,554,987	
Depreciation	117,070	8,342	6,407	14,749	131,819	
Total expenses	\$ 7,714,832	\$ 549,724	\$ 422,250	\$ 971,974	\$ 8,686,806	

See independent auditors' report.

First Coast No More Homeless Pets, Inc.
Statement of Cash Flows
Year Ended September 30, 2021

Cash flows from operating activities:	
Change in net assets	\$ 1,090,620
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	131,819
Loss on disposal of property and equipment	113
Forgiveness of Paycheck Protection Program loan	(984,400)
Net changes in:	
Accounts receivable	363,845
Pledges receivable	8,439
Bequests receivable	(128,552)
Refundable deposits	(3,303)
Inventory	2,826
Accounts payable and accrued expenses	6,865
Deferred revenue	<u>(192,592)</u>
Net cash provided by operating activities	<u>295,680</u>
Cash flows from investing activities:	
Purchases of fixed assets	<u>(37,780)</u>
Net cash used in investing activities	<u>(37,780)</u>
Cash flows from financing activities:	
Principal payments on notes payable	<u>(361,381)</u>
Net cash used in financing activities	<u>(361,381)</u>
Net decrease in cash and cash equivalents	(103,481)
Cash and cash equivalents, October 1, 2020	<u>1,493,333</u>
Cash and cash equivalents, September 30, 2021	<u><u>\$ 1,389,852</u></u>
Supplementary Information	
Cash paid for interest	<u><u>\$ 106,506</u></u>
Supplemental disclosure of noncash financing and investing activities:	
Forgiveness of Paycheck Protection Program loan	<u><u>\$ 984,400</u></u>

Notes to Financial Statements

1. Nature of Organization and Summary of Significant Accounting Policies

First Coast No More Homeless Pets, Inc. (“the Organization”), a non-profit organization dedicated to the welfare of animals, was organized in Jacksonville, Florida in 2002. The mission of the Organization is to make veterinary care affordable and accessible to all as we save lives by keeping dogs and cats in homes and out of shelters, provide low-cost spay/neuter services with emphasis on feral/community cats, and deliver a broad range of related programs and services. The major sources of income are derived from service revenue, public contributions, and grants.

The financial statements, which are presented on the accrual basis of accounting, have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions.

Net assets and revenue, gains, expenses and losses are required to be classified as without or with donor restrictions based upon the following criteria:

1. Net assets without donor restrictions represent expendable funds available for operations, which are not otherwise limited by donor restrictions.
2. Net assets with donor restrictions consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. When a donor restriction expires, restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service.

The Organization recognizes revenue for certain donated services and other in-kind contributions received at fair value as of the date of the gift.

Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts receivable

Accounts receivable mainly represent fees for service related to veterinary care. Management evaluates accounts receivable for collectability and includes in the allowance for doubtful accounts an estimate of losses to be

First Coast No More Homeless Pets, Inc.
Notes to Financial Statements

sustained. Uncollectible amounts are charged against the allowance account when management determines the possibility of collection is remote. Management determined accounts receivable were fully collectible and did not record an allowance for doubtful accounts at September 30, 2021.

Inventory

Inventories are stated at the lower of cost or net realizable value. Inventory is counted once a month and adjusted to actual.

Bequests receivable

The Organization has a one-third beneficiary interest in an estate. The bequest receivable is valued at the estimated fair market value of the property held by the estate. The majority of the underlying assets held by the estate are liquid.

Property and equipment

Property and equipment are recorded at cost or if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful lives. The useful lives used for depreciation range from five years to forty years.

Functional expense allocation

The costs of providing program, management and general and fundraising activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Other expenses are collected based on management's estimate of the benefit derived from each activity.

Concentrations of credit risk

Cash and cash equivalents consist of cash on deposit in banks and cash invested in liquid asset trust funds with initial maturities of three months or less. The Organization periodically maintains bank deposits in excess of the Federal Deposit Insurance Corporation limit.

Income taxes

The Organization is recognized by the Internal Revenue Service as a nonprofit under Section 501(c) (3) of the Internal Revenue Code; accordingly the accompanying financial statements do not reflect a provision or liability for federal and state income taxes.

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect (1) the reported amounts of assets and liabilities; (2) disclosure of contingent assets and liabilities at the date of the financial statements; and, (3) the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of new accounting standards

Revenue recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts

with customers. The Organization adopted the new standard effective October 1, 2020, the first day of the Organization's fiscal year, using the modified retrospective method.

As part of the adoption of the ASU, the Organization elected to use the following transition practical expedients: (i) completed contracts that begin and end in the same annual reporting period have not been restated; (ii) the Organization used the known transaction price for completed contracts; (iii) to exclude disclosures of transaction prices allocated to remaining performance obligations when the Organization expects to recognize such revenue for all periods prior to the date of initial application of the ASU; and (iv) the Organization has reflected the aggregate of all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price.

The Organization's revenue is recognized at a point in time based on the transfer of control. Revenue consists of performance obligations satisfied within one year or less. In addition, the Organization's contracts do not contain variable consideration and contract modifications are generally minimal. For these reasons, there is not a significant impact as a result of electing these transition practical expedients.

The adoption of this ASU did not have any impact on the Organization's financial statements. The Organization's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. Based on the Organization's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

Contributions

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Organization adopted the new standard effective October 1, 2020, the first day of the Organization's fiscal year, using the modified retrospective approach. No changes were required to previously reported revenues as a result of the adoption.

Recent accounting pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires that a lease liability and related right-of-use asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in existing lease accounting guidance. As a result, the effect of leases in the statement of activities and changes in net assets and the statement of cash flows will be substantially unchanged from the existing lease accounting guidance. In 2019, the FASB delayed the effective date for nonpublic entities to fiscal years beginning after December 15, 2021. Early adoption is permitted. The Organization is currently evaluating the magnitude and other potential impacts on its financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofit organizations to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standard, as amended, is to be applied retrospectively, to annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022.

Subsequent events

In preparing these financial statements, the Organization evaluated events and transactions for potential recognition or disclosure through March 15, 2022, the date the financial statements were available for issuance.

2. Availability of Financial Assets

The following reflects the Organization's financial assets as of the statement of financial position date reduced by amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position date.

Financial assets:	
Cash and cash equivalents	\$ 1,389,852
Accounts receivable	319,716
Pledges receivable	<u>5,000</u>
	1,714,568
Those unavailable for general expenditures within one year due to:	
Net assets with donor restrictions	(221,642)
Board designation	<u>(700,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 792,926</u>

The Organization is substantially supported by program services fees. The Organization also receives contributions and grants from individuals and businesses. The Organization also has significant degree of flexibility and discretion to manage its costs based on its revenue from program fees, contributions, and grants. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due.

3. Notes Payable

Long-term debt as of September 30, 2021 is as follows:

Note payable to a bank, with a fixed interest rate at 3.95%; payable in monthly installments of \$2,809 through February 2031; secured by property.	\$ 266,532
Note payable to a bank, with a fixed interest rate at 3.95%; payable in monthly installments of \$9,383 through March 2031; secured by property.	883,417
Note payable to an organization, with a fixed interest rate at 4.0%; payable in monthly installments of \$2,025 through February 2021 and \$492 through April 2029; unsecured.	29,360
Note payable to the City of Jacksonville, with a fixed interest rate at 3.0%; payable in monthly installments of \$914 through June 2034; secured by property.	116,297
Note payable to the City of Jacksonville, with a fixed interest rate at 3.0%; payable in monthly installments of \$2,851 through April 2032; secured by property.	310,883
Note payable to the U.S. Small Business Administration ("SBA"), with a fixed interest rate at 2.63%; payable in monthly installments of \$347 through January 2046; secured by property.	74,388
Note payable to the U.S. Small Business Administration ("SBA"), with a fixed interest rate at 2.50%; payable in monthly installments of \$347 through November 2032; secured by property.	268,857
Note payable to a board member, with a fixed interest rate at 4.25%; payable in monthly installments of \$2,780 through August 2023; secured by property.	112,274
Note payable to a board member, with a fixed interest rate at 4.25%; payable in monthly installments of \$2,059 through December 2024; secured by property.	111,491
Note payable to the U.S. Small Business Administration ("SBA"), with a fixed interest rate at 2.75%; payable in monthly installments of \$641 through June 2050; secured by property.	<u>160,000</u>
	2,333,499
Current maturities	<u>(223,030)</u>
	<u>\$ 2,110,469</u>

First Coast No More Homeless Pets, Inc.
Notes to Financial Statements

Maturities of long-term debt as of September 30, 2021 are as follows:

2022	\$	223,030
2023		223,705
2024		232,128
2025		228,712
2026		215,415
Thereafter		<u>1,210,509</u>
	\$	<u>2,333,499</u>

4. Paycheck Protection Program

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security (CARES) Act provides for the establishment of the Paycheck Protection Program (PPP), a new loan program under the Small Business Administration's 7(a) program providing loans to qualifying businesses. Additionally, loans originated under this program may be forgiven, in whole or in part, if certain criteria are met.

The Organization received \$984,400 under the PPP. The Organization believes that it was eligible under the PPP to receive the funds and asserted that it met the requirements under the program to have the loan forgiven. Therefore, management has concluded that the receipt of these funds represents a government grant. Accounting principles generally accepted in the United States of America do not provide explicit guidance on accounting for government grants provided to business entities. The Organization elected to account for the receipt of these funds as a government grant by analogy to ASC 958-605.

These funds were recognized as a refundable advance when received and classified in accordance with the scheduled maturity outlined in the PPP loan agreement assuming a ten-month deferral of payments from the end of the Organization's covered period. Grant income under this method of accounting may only be recognized when the conditions attached to the grant have been substantially met. The Organization has fully utilized the proceeds of the loan for qualifying expenses under the PPP and the Organization's covered period was closed as of the statement of financial position date. In January 2021, the Organization received notification from its lender and the SBA that its forgiveness application was approved. The Organization recognized \$984,400 as grant revenue on the statement of activities for the year ended September 30, 2021.

5. In-Kind Contributions

The Organization's in-kind contributions consisted of the following during the year ended September 30, 2021:

Pet food	\$	650,022
Medical services		<u>67,063</u>
	\$	<u>717,085</u>

Pet food contributions are valued at their price per pound based on the type of food contributed. Medical services are valued at their estimated service cost obtained from the service provider. These are reported as program supplies and professional fees on the statement of functional expenses.

6. Related Parties

In a prior year, the Organization borrowed funds from a related party board member. During the year ended September 30, 2021, the Organization made loan payments of \$47,474 to related parties. As of September 30, 2021, the Organization owed \$223,765 to related parties. See Note 3 for terms of loans with the related party.

7. Net Assets Without Donor Restrictions

In June 2021, the Organization established a cash reserve fund and designated \$700,000 of its net assets to this reserve fund. The purpose of the fund is to ensure the long-term financial stability of the Organization and position it to respond to changes affecting the Organization's financial position. As of September 30, 2021, board designated net assets were \$700,000.

8. Net Assets With Donor Restrictions

Donor restricted net assets consist of the following purpose restricted programs at September 30, 2021:

Petsmart Charities	\$	17,399
Norwood Construction		30,000
Cassat Training Building		72,775
Cassat Animal Welfare Depot		35,000
Cat's Angels		7,610
Doc Tony		404
Patterson Medical Supplies		13,667
Rene's Fund		15,212
Volunteer Program		5,000
V-Tech Training		<u>24,575</u>
	\$	<u>221,642</u>

9. Leases

The Organization leases equipment and parking spaces. 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 year ended September 30, 2021 was \$23,917 and is reported under printing and reproduction and rent expense on the statement of functional expenses.

10. Donated Services

Numerous volunteers have donated their time and have performed a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. The Organization received approximate volunteer hours of 4,729 in the 2021 fiscal year. No amounts have been reflected in the financial statements for donated volunteer hours.

11. Defined Contribution Retirement Plan

The Organization sponsors a defined contribution retirement plan covering substantially all full-time permanent employees. Eligible employees may elect to defer up to 100% of compensation subject to federal limits. Employer contributions are determined at the Board of Directors' discretion. The plan may be terminated at any time without further obligation to the Organization. There was no employer contribution to the plan for the year ending September 30, 2021.

12. Concentrations

The Organization has one payor that represents approximately 45% of the Organization's accounts receivable at September 30, 2021.