

Humane Society of the Treasure Coast, Inc.

FINANCIAL STATEMENTS

September 30, 2021



**Berger, Toombs, Elam,
Gaines & Frank**

Certified Public Accountants PL

Royal Palm Financial Center
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To the Board of Directors
The Humane Society of the Treasure Coast, Inc.
Palm City, Florida

We are pleased to provide the following information related to our audit of The Humane Society of the Treasure Coast, Inc. ("the Society") for the year ended September 30, 2021 to assist you in your oversight responsibility of the financial reporting process of the organization.

Our responsibility under the auditing standards has been described to you in our engagement letter dated January 27, 2022.

Management is responsible for the appropriateness of the accounting policies used by the Society. During the year, no significant new accounting policies were adopted nor were there any changes in the existing accounting policies.

We did not discuss with Management any significant or unusual transactions, nor did we discuss any alternative treatments available under generally accepted accounting principles during the current audit period.

Any audit adjustments provided by Management or communicated to Management have been reported to and agreed upon by Management. If you would like a detailed listing of all audit adjustments for the current period, please contact us.

We did not encounter any immaterial uncorrected misstatements during the course of our audit.

There are no disagreements with Management over the application of significant accounting principles, the basis for judgments made by Management on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

We are not aware of any consultations Management had with other accountants about accounting or auditing matters.

There were no significant issues that were discussed during the course of the audit.

We did not encounter any difficulties in dealing with Management during the audit process.

Fort Pierce / Stuart



Berger, Toombs, Elam,
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Board of Directors
The Humane Society of the Treasure Coast, Inc.

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Management has made certain written representations to us as part of the audit process. Please contact us if you would like a copy of those representations.

This letter is intended solely for the information and use of the Board and Management and is not intended to be and should not be used by anyone other than the intended parties. Please contact us should you have any questions concerning this letter. We greatly appreciate the opportunity to be of service to The Humane Society of the Treasure Coast, Inc.

*Berger Toombs Elam
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank
Stuart, Florida

August 26, 2022

Humane Society of the Treasure Coast, Inc.

FINANCIAL STATEMENTS

September 30, 2021

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Report of Independent Auditors

The Board of Directors
Humane Society of the Treasure Coast, Inc.
Palm City, Florida

We have audited the accompanying statement of financial position of the Humane Society of the Treasure Coast, Inc. (the "Society") 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 financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Fort Pierce / Stuart

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Berger, Toombs, Elam,
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Certified Public Accountants PL

To the Board of Directors
Humane Society of the Treasure Coast, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Humane Society of the Treasure Coast as of September 30, 2021 and the activities, cash flows and functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Berger Toombs Elam
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Stuart, Florida

August 26, 2022

Humane Society of the Treasure Coast, Inc.
STATEMENT OF FINANCIAL POSITION
September 30, 2021

Assets	2021
Current assets	
Cash and cash equivalents	\$ 1,165,920
Contract support receivable	138,414
Prepaid expenses	9,227
Total current assets	1,313,561
Property and equipment	
Property and equipment at cost, net of accumulated depreciation	3,685,962
Other assets	
Investments	1,609,303
Land held for investment	189,720
Deposits	13,809
Total assets	\$ 6,812,355
Liabilities and Net Assets	
Current liabilities	
Accounts payable	\$ 45,970
Deferred revenues	26,606
Accrued expenses	38,167
Total current liabilities	110,743
Long term liabilities	
Accrued compensated absences	23,637
Total liabilities	134,380
Net Assets	
With donor restrictions	825,992
Without donor restrictions	5,851,983
Total net assets	6,677,975
Total liabilities and net assets	\$ 6,812,355

Humane Society of the Treasure Coast, Inc.
STATEMENT OF ACTIVITIES
For the year ended September 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021</u>
Support and Revenues			
Contributions	\$ 1,148,276	\$ 110,480	\$ 1,258,756
Contracts	650,190	134,831	785,021
Program fees	532,740	-	532,740
Thrift Shop sales	977,102	-	977,102
Less direct costs	(604,327)	-	(604,327)
Paycheck Protection Loan Forgiveness	378,800	-	378,800
Special Events income	230,501	74,050	304,551
Less direct costs	(74,381)	-	(74,381)
Pet boutique	2,149	-	2,149
Investment Income	199,277	81,892	281,169
Rental income	17,326	-	17,326
Total net support and revenues	<u>3,457,653</u>	<u>401,253</u>	<u>3,858,906</u>
Net Assets Released From Restrictions			
Satisfaction of program restrictions	<u>306,065</u>	<u>(306,065)</u>	<u>-</u>
Total support and revenues	<u>3,763,718</u>	<u>95,188</u>	<u>3,858,906</u>
Expenses			
Program Services	2,210,541	-	2,210,541
Support services:			
General and administrative expenses	185,418	-	185,418
Fundraising	452,535	-	452,535
Total support services	<u>637,953</u>	<u>-</u>	<u>637,953</u>
Total expenses	2,848,494	-	2,848,494
Change in net assets	<u>915,224</u>	<u>95,188</u>	<u>1,010,412</u>
Net assets at beginning of year	<u>4,936,759</u>	<u>730,804</u>	<u>5,667,563</u>
Net assets at end of year	<u>\$ 5,851,983</u>	<u>\$ 825,992</u>	<u>\$ 6,677,975</u>

Humane Society of the Treasure Coast, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2021

	SUPPORT SERVICES				2021
	Program Services	General and Administrative	Fundraising & Development	Total Support Services	
Salaries	\$ 1,102,757	\$ 90,145	\$ 219,292	\$ 309,437	\$ 1,412,194
Payroll taxes	125,067	10,025	21,650	31,675	156,742
Employee benefits	147,138	10,574	24,799	35,373	182,511
Total salaries and related expenses	1,374,962	110,744	265,741	376,485	1,751,447
Depreciation	134,369	18,517	28,016	46,533	180,902
Medical and surgical supplies	203,636	-	-	-	203,636
Non-medical pet supplies	41,424	-	-	-	41,424
Occupancy	108,452	14,315	21,024	35,339	143,791
Flea & Heartworm	32,185	-	-	-	32,185
Mail campaigns	-	-	81,263	81,263	81,263
Software and equipment	11,087	3,054	2,994	6,048	17,135
Network and website	17,975	3,813	2,542	6,355	24,330
Insurance	42,884	12,031	12,366	24,397	67,281
Animal feed	23,789	-	-	-	23,789
Repairs and maintenance	22,356	4,535	3,023	7,558	29,914
Fundraising Events - General	-	-	121	121	121
Public Relations	21,665	-	6,471	6,471	28,136
Travel	6,307	-	33	33	6,340
Merchant and bank fees	27,417	-	3,428	3,428	30,845
Cremations and burials	16,443	-	-	-	16,443
Publication - Wagging Tales	5,038	-	11,755	11,755	16,793
Program expense	24,478	-	-	-	24,478
Professional fees	29,520	8,232	-	8,232	37,752
Staff expenses	21,350	5,603	6,522	12,125	33,475
Humane education and memorial garden	3,335	-	465	465	3,800
Office supplies, postage, copying, printing	8,988	1,307	2,760	4,067	13,055
Advertising and marketing	9,778	-	1,595	1,595	11,373
Training and meetings	3,286	428	428	856	4,143
Shelter supplies	5,758	-	-	-	5,758
Licenses, subscriptions & dues	5,967	1,220	814	2,034	8,001
Misc Expenses	8,093	1,619	1,174	2,793	10,886
Total expenses	<u>\$ 2,210,541</u>	<u>\$ 185,418</u>	<u>\$ 452,535</u>	<u>\$ 637,953</u>	<u>\$ 2,848,494</u>

Humane Society of the Treasure Coast, Inc.
STATEMENT OF CASH FLOWS
For the year ended September 30, 2021

	2021
Cash Flows From Operating Activities	
Change in net assets	\$ 1,010,412
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	185,165
Unrealized/realized (gain) loss on investments	(243,275)
(Increase) decrease in assets:	
Accounts receivable	(5,635)
Prepaid expenses	(4,258)
Deposits	(586)
Increase (decrease) in liabilities:	
Loans payable	(378,800)
Deferred revenues	15,831
Accounts payable and accrued expenses	(16,826)
Net cash provided by operating activities	562,028
Cash Flows From Investing Activities	
Purchases of investments	(880,426)
Proceeds from Sales of Investments	888,414
Building and equipment purchases	(85,209)
Net cash used in investing activities	(77,221)
Net increase in Cash and Cash Equivalents	484,807
Cash at beginning of year	681,113
Cash at end of year	\$ 1,165,920

**Humane Society of the Treasure Coast, Inc,
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE A – DESCRIPTION OF ORGANIZATION

Humane Society of the Treasure Coast, Inc. (the "Society") is a Florida nonprofit corporation located in Palm City, Florida, founded in 1955. It operates as the only open access, no kill animal welfare organization operating in Martin County. Humane Society of the Treasure Coast accepts all animals regardless of health, age, temperament, or breed. Over the years more than 350,000 animals have received care through its programs and services. The Society is funded primarily through program service fees, public support, and a contract with Martin County. The Society also operates two thrift stores in Stuart, Florida.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Financial Statements

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles. Assets and related revenues are recorded when earned, and liabilities and related expenses are recognized as incurred. In applying generally accepted accounting principles to program service revenue, the legal and contractual requirements of the individual programs are used as guidance. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. In accordance with generally accepted accounting principles as they relate to non-profit organizations, account balances and transactions of the Society have been classified into two classes of net assets – net assets without donor restrictions and net assets with donor restrictions as follows:

- a. Net Assets Without Donor Restrictions – Net assets without donor restrictions are resources available to support operations. The only limits on the use of these assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in corporate documents and the application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others entered into in the course of its operations.
- b. Net Assets With Donor Restrictions - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

**Humane Society of the Treasure Coast, Inc,
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Financial Statements (continued)

- b. Net Assets With Donor Restrictions (continued) – The society's unspent contributions are included in this class if the donor limited their use, as are its donor-restricted endowment funds. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Contributions are reported as net assets with donor restrictions if a donor imposes a restriction that may be satisfied by the passage of time or the actions of the organization. When a donor restriction expires, that is, when a stipulated time restriction ends or 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. Net assets with donor restrictions also include contributions that include stipulations by the donor that the contribution be maintained perpetually but may allow the organization to use all or part of the income derived from the underlying asset for unrestricted purposes.

2. Income Taxes

The Society is exempt from federal and state income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code. In accordance with the Internal Revenue Code, Humane Society of the Treasure Coast, Inc. is not considered a private foundation.

3. Donated Services

While the Society receives donated services throughout the year that enhance the effectiveness of the programs, these services do not create or enhance non-financial assets nor do they require specialized skills that if not provided by a volunteer would be purchased. Accordingly, while these services contribute to the success of the programs, they have not been reflected in the accompanying financial statements.

4. Receivables

Accounts receivable due from contracts, grantors and donors are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus trade receivables do not bear interest.

**Humane Society of the Treasure Coast, Inc,
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded at cost

The Society has elected to capitalize those assets costing or having a fair market value at time of donation of \$500 or more and a useful life greater than one year. Depreciation is provided for all classes of property, plant, and equipment using straight-line methods over estimated useful lives ranging from 5 to 39 years. Contributed property and equipment is recorded at fair value at the date of donation if material to the financial statements.

6. Accounting 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.

7. Functional Expenses

Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated to a program based on units of service.

8. Cash Flows

The Society presents its cash flows using the indirect method. Cash and cash equivalents may consist of cash on hand, time deposits, and all highly liquid debt instruments with original maturities of three months or less.

NOTE C – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of demand deposits and short-term money market funds. These financial instruments are potentially subject to concentrations of credit risk as follows. Cash balances are maintained at financial institutions located in Martin County, Florida. Cash accounts at each of these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. The Society has deposits in these financial institutions totaling \$1,187,003 at September 30, 2021 of which \$630,072 is uninsured by the FDIC. Included in the uninsured accounts are money market accounts totaling \$394,917 at September 30, 2021. The money market accounts are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000. The asset protection provided by the SIPC is not against losses from fluctuations in value, but rather only if the brokerage firm ceases doing business.

**Humane Society of the Treasure Coast, Inc,
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE D – INVESTMENTS

Securities held by brokerage institutions are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 which includes a \$250,000 limit for cash equivalents. The asset protection provided by SIPC is not against losses from fluctuations in the value of the securities, but rather only if the brokerage firm ceases doing business.

Investments and money market funds subject to market risk of fluctuations in value at September 30, 2021 are as follows:

Money market funds awaiting investment	\$	394,917
Mutual funds		613,584
Equities		944,674
Corporate bonds		51,045
	<u>\$</u>	<u>2,004,220</u>

Investments as of September 30, 2021 consisted of the following:

	<u>Market Value</u>	<u>Cost</u>
Corporate bonds	\$ 51,045	\$ 48,797
Mutual funds	613,584	595,165
Equities	944,674	713,393
	<u>\$ 1,609,303</u>	<u>\$ 1,357,355</u>

Investments consist primarily of securities traded on national exchanges, corporate bonds, and mutual funds and are stated at fair value. Investment income for the year ended September 30, 2021 consisted of interest and dividend income of \$37,894; realized gains on investment sales of \$115,213; and unrealized gains on investment sales of \$128,062 for a total of \$281,169.

Investments and cash equivalents with Donor Restrictions totaled \$463,619 at September 30, 2021 and are deposited as follows: \$369,951 in money market funds and \$93,668 in cash equivalents.

NOTE E – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of September 30, 2021 are:

Financial Assets	
Cash	\$ 1,165,920
Investments	1,609,303
Accounts receivable	138,414
Less financial assets held to meet donor imposed restrictions	<u>(825,992)</u>
Amount available for general expenditures within one year	<u>\$ 2,087,645</u>

**Humane Society of the Treasure Coast, Inc,
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE F – PROPERTY AND EQUIPMENT

At September 30, 2021 property and equipment consists of the following:

	2021
Land	\$ 167,989
Land Improvements	369,676
Building	5,108,429
Building Improvements	409,674
Furniture and Fixtures	13,167
Equipment	378,395
Software	52,599
Surgery Clinic	147,547
Thrift Store - Stuart	14,057
Thrift Store – Jensen	57,972
Construction in Progress – Dog Adoption	37,679
	6,757,184
Less: Accumulated Depreciation	3,071,222
Property and Equipment, net	\$ 3,685,962

Depreciation expense was \$185,165 for the year ended September 30, 2021

NOTE G – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of September 30, 2021:

	2021
Dog adoption/Lobby renovation	\$ 463,619
Dog adoption and care	203,377
Martin County Contract	134,831
Dolly's Dream	7,678
Disaster relief	8,382
Special projects – Vehicles	8,005
Special projects – Other	100
Totals	\$ 825,992

**Humane Society of the Treasure Coast, Inc,
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE H – COMPENSATED ABSENCES

Employees of the Society are entitled to paid leave. Full time employees are entitled to 10 days for first year hires, and it increases based off years of service with employees having over 15 years receiving 29 days. Part time employees are eligible for 50% of the time accrued.

An employee can carry over a maximum of 56 hours of unpaid leave from year to year based off their hire anniversary date. PTO can be paid out at resignation or retirement at a percentage of the employee's accrual based off years of service. Employees with 15 years or more will receive 69% of their accrual. At September 30, 2021 \$23,637 was accrued for paid leave.

NOTE I – FAIR VALUE MEASUREMENTS

FASB ASC 820-10, Fair Value Measurements and Disclosures, established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

- | | |
|----------------|---|
| <u>Level 1</u> | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access. |
| <u>Level 2</u> | Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. |
| <u>Level 3</u> | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

- | | |
|----------------|--|
| <u>Level 1</u> | <u>Fair Value Measurements</u>
The fair values of investments are based on quoted prices. |
|----------------|--|

**Humane Society of the Treasure Coast, Inc,
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE I – FAIR VALUE MEASUREMENTS (CONTINUED)

Level 2 Fair Value Measurements

The Society had no investments considered Level 2 at September 30, 2021.

Level 3 Fair Value Measurements

The Society had no investments considered Level 3 at September 30, 2021.

The preceding methods described may produce a fair value calculation that may not be indicative of net realized value or reflective of future fair values. Furthermore, although the Society believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The following table sets forth by level, within the fair value hierarchy, the Society's assets at fair value as of September 30, 2021.

Description	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:				
Equity Securities	\$ 974,674	\$ -	\$ -	\$ 974,674
Mutual Funds	613,584	-	-	613,584
Corporate Bonds	51,045	-	-	51,045
Total Assets at Fair Value	<u>\$ 1,609,303</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,609,303</u>

NOTE J – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released during the year ended September 30, 2021 by incurring expenses which satisfied the restrictions or by the occurrence of other events, including the passage of time

	<u>2021</u>
Martin County contract	\$ 130,569
Dolly's Dream	1,902
Adoptions	12,653
Animal wellness	22,450
Medical expenses	74,050
Spay & neuter	4,019
Humane education	2,286
Medical supplies	5,315
Trap, Neuter, Vaccinate, Return	3,757
Investment income	<u>49,064</u>
Total	<u>\$ 306,065</u>

**Humane Society of the Treasure Coast, Inc,
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE K – LEASE COMMITMENTS

The Society has committed to various retail space leases, both expiring in the summer of 2024. The leases have monthly payments ranging from \$7,655 to \$10,855 through August 2024. Rent expense for the year ended September 30, 2021 was \$187,916. Future minimum payments for the leases are as follows:

Year ending September 30,	
2022	204,553
2023	250,658
2024	203,284
2025 & After	-
Total minimum future rentals	<u>\$ 658,495</u>

The Society has a twenty five percent ownership in a land lease in Miami, Florida providing rental income. Income provided by this lease for the year ended September 30, 2021 was \$17,326. The Society is finalizing an agreement to sell its interest in the land lease during the fiscal year 2022.

NOTE L – SPECIAL EVENTS

The respective proceeds and direct costs from special events held during the year ended September 30, 2021 were as follows:

	Gross Proceeds	Direct Costs	Net Proceeds
Paws & Claws	\$ 138,240	\$ 47,104	\$ 91,136
Mutt March	14,196	2,702	11,494
Run Fur Fun	3,122	167	2,955
Whiskers for Whiskey	4,285	3,331	954
Pooch Plunge	3,794	2,895	899
Pup Crawl	5,216	1,493	3,723
Bunfest	9,843	1,074	8,769
Kitty Catalina	2,505	1,051	1,454
Other events	49,300	14,564	34,736
	230,501	74,381	156,120
Restricted Paws & Claws	74,050	-	74,050
	74,050	-	74,050
Totals	\$ 304,551	\$ 74,381	\$ 230,170

Some of the costs related to the special events above did not result in a direct benefit to the participants and are classified as functional expenses and included in the Statement of Functional Expenses instead of the direct costs listed above.

**Humane Society of the Treasure Coast, Inc,
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE L – SPECIAL EVENTS (CONTINUED)

Gross proceeds and costs for the following events include the value of noncash donations as of September 30, 2021:

Paws & Claws	\$ 35,108
Bunfest	732
Mutt March	74,318
Whiskers for Whiskey	114
Pooch Plunge	195
Pup Crawl	198
Kitty Catalina	<u>676</u>
	<u>\$ 111,341</u>

NOTE M – THRIFT STORES

The Society operated two thrift stores off-premises in leased commercial storefronts in Stuart, Florida ("Central") and ("North"). The thrift stores receive donations of new and used clothing and other property, which they resell to customers. Operations for the year ended September 30, 2021 were as follows:

	<u>Central</u>	<u>North</u>	<u>Total</u>
<u>2021</u>			
Gross Sales	<u>\$ 592,784</u>	<u>\$ 384,318</u>	<u>\$ 977,102</u>
Operating Costs:			
Personnel	197,779	99,152	296,931
Occupancy and operations	137,310	119,100	256,410
Administrative	15,145	9,882	25,027
General operating	7,401	5,595	12,996
Public relations	3,207	2,434	5,641
	<u>360,842</u>	<u>236,163</u>	<u>597,005</u>
Depreciation	832	3,239	4,071
Small equipment/supplies	501	2,750	3,251
	<u>362,175</u>	<u>242,152</u>	<u>604,327</u>
Net revenue	<u>\$ 230,609</u>	<u>\$ 142,166</u>	<u>\$ 372,775</u>

NOTE N – RETIREMENT PLAN

The Society sponsors a defined contribution retirement plan which qualifies under the provisions of Section 403(b) of the Internal Revenue Code for Section 501(c)(3) not-for-profit organizations. The plan allows for an employer match of 4% of compensation, with no limits on the match up to the contribution limitation allowed by the Internal Revenue Code for each participant per year. All full-time employees are eligible for the voluntary salary reduction plan. For the year ended September 30, 2021, the employer contribution to the plan was \$30,223.

**Humane Society of the Treasure Coast, Inc,
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE O – GOVERNMENTAL CONTRACT

The Society contracts with Martin County, Florida to fulfill certain public health responsibilities regarding the impoundment of stray animals (the "Contract" or "Contracts").

Under terms of the Contract for the year ended September 30, 2021, Martin County provides financial support to the Society. The total amount provided by Martin County toward the animal shelter's operating expenses for the year ended September 30, 2021 was \$766,121.

Impoundment and license fees, which are established by Martin County, are collected at the animal shelter and are remitted to Martin County; these fees are not recorded as revenue by the Society.

The following table shows selected expenses (pertinent to the Contracts) from animal sheltering operations; program expenses related to adoption and humane education are not included in the table. Terms of the Contracts call for payment based on fixed annual amounts rather than on percentages of costs or on units of service provided. The columns labeled "County Contract Allocation" represents the application, for illustrative purposes only, of the funds provided by Martin County for the year ended September 30, 2021.

	2021	
	Animal Shelter Operations	County Contract Allocation
Salaries and Wages	\$ 965,677	\$ 413,185
Payroll costs	131,588	45,096
Health & workers' compensation insurance, other benefits	177,477	84,892
Total payroll and related expenses	\$1,274,742	\$ 543,173
Occupancy	188,257	51,100
Medical supplies	242,394	65,477
Veterinary fees	78,979	19,940
Feed and shelter supplies	32,998	22,831
Cremation and burial fees	4,753	6,998
Equipment and computer costs	40,350	22,103
Other animal shelter expenses	36,059	27,627
Office supplies	3,669	3,744
Advertising	9,438	3,128
Totals	\$1,911,639	\$ 766,121
Percentage of costs covered		40%

**Humane Society of the Treasure Coast, Inc,
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE P – INCOME TAXES

The Society has adopted accounting guidance which clarifies the accounting and recognition for tax positions taken or expected to be taken in its income tax returns. The Society's tax filings are subject to audit by various taxing authorities. The Society's income tax returns for the years ended September 30, 2020, 2019 and 2018 remain open to examination by the Internal Revenue Service.

NOTE Q – BOARD DESIGNATED NET ASSETS

The Board has designated a portion of unrestricted net assets to be held for future projects, programs, capital or other expenditures to be determined by the Board of Directors. The Board designated amount at September 30, 2021 was \$1,089,522.

NOTE R – PAYCHECK PROTECTION PLAN LOAN

On April 15, 2020 the Society received loan proceeds (the "Loan") in the aggregate amount of \$378,800, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The Loan, which was in the form of a note had an original maturity date in April 2022 and bore interest at 1% per annum, with monthly payments commencing at a time to be determined in accordance with the requirements of the CARES Act. The Note could be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan could be used for payroll costs, mortgage payments, rent, utilities, and interest on other debt obligations incurred during the period the CARES Act is in effect. The Society used the entire amount for qualifying expenses. Under the terms of the PPP, certain amounts up to the entire loan amount may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Organization was granted forgiveness on May 24, 2021 in the full principal amount of \$378,800 along with interest of \$4,099.

NOTE S – SUBSEQUENT EVENTS

The date to which events occurring after September 30, 2021, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is August 26, 2022, which is the date on which the financial statements were available to be issued.

NOTE T – COVID-19

In January 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and in March 2020, declared it to be a pandemic. Actions taken to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures of certain types of public places and businesses. The coronavirus and actions taken to mitigate it are expected to continue and may have an economic impact on the Society. It is unknown how long these conditions will last and what, if any, the financial effect will be.