

FINANCIAL STATEMENTS

JUNE 30, 2019

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

MIAMI, FLORIDA

TURNER & ASSOCIATES, LLP

CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

14505 Commerce Way, Suite 500
Miami Lakes, FL 33016

Telephone: 305-377-0777
Facsimile: 305-556-5601
www.turnercpas.com

Independent Auditors' Report

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

Report on the Financial Statements

We have reviewed the accompanying statement of financial position of South Florida S.P.C.A. Inc. (a nonprofit organization) as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Managements' Responsibility for the Financial Statements

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

Accountants' Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Miami Lakes, Florida
January 14, 2020

SOUTH FLORIDA S.P.C.A. INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

ASSETS

CURRENT ASSETS

Cash	\$	446,465
Contract receivables		50,000
Prepaid expenses		<u>8,502</u>

Total current assets \$ 504,967

PROPERTY AND EQUIPMENT, NET

812,314

TOTAL ASSETS

\$ 1,317,281

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$	30,325
Note payable - short-term portion		<u>19,771</u>

Total Current Liabilities \$ 50,096

NON CURRENT LIABILITIES

Note payable - long-term portion		<u>317,364</u>
----------------------------------	--	----------------

Total Non-current Liabilities 317,364

NET ASSETS

Without donors restrictions:

Undesignated		<u>909,821</u>
--------------	--	----------------

Total without donor restrictions: 909,821

With donors restrictions

40,000

Total Net Assets 949,821

TOTAL LIABILITIES AND NET ASSETS

\$ 1,317,281

See independent accountants' review report and accompanying notes to these financial statements.

SOUTH FLORIDA S.P.C.A. INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Without Donors Restrictions	With Donors Restrictions	Total
REVENUES AND SUPPORT			
Foundation and trust grants	\$ 140,462	\$ 125,000	\$ 265,462
Contributions	399,133	20,800	419,933
County reimbursement contract	254,623		254,623
Miscellaneous	42,727		42,727
Special events	61,358		61,358
Net assets released from restrictions	145,800	(145,800)	-
Total revenues and support	1,044,103	-	1,044,103
EXPENSES			
Program services:			
Animal health services	613,315	-	613,315
Animal care facilities	77,678	-	77,678
Total program services	690,993	-	690,993
Supporting services:			
General and administrative	94,170	-	94,170
Fundraising	77,823	-	77,823
Total supporting services	171,993	-	171,993
Total expenses	862,986	-	862,986
CHANGE IN ASSETS	181,117	-	181,117
NET ASSETS, July 1, 2018	728,704	40,000	768,704
NET ASSETS, June 30, 2019	\$ 909,821	\$ 40,000	\$ 949,821

See independent accountants' review report and accompanying notes to these financial statements.

SOUTH FLORIDA S.P.C.A. INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services			Support Services		Total Expenses
	Animal Health Services	Animal Care Facilities	Subtotal	General and Administrative	Fundraising	
FUNCTIONAL EXPENSES						
Animal medical expenses	\$ 64,228	\$ -	\$ 64,228	\$ -	\$ -	\$ 64,228
Bank fees	-	-	-	-	10,586	10,586
Computer and software	-	-	-	-	47,123	47,123
Depreciation	-	33,320	33,320	1,960	3,920	39,200
Equipment and supplies	7,070	-	7,070	-	-	7,070
Fundraising and events	-	-	-	-	11,057	11,057
Horses expenses	253,983	-	253,983	-	-	253,983
Interest	-	3,302	3,302	9,907	-	13,209
Insurance	-	6,556	6,556	19,667	-	26,223
Office expenses	1,021	8,410	9,431	13,157	1,050	23,638
Repairs and maintenance	-	13,842	13,842	-	-	13,842
Salaries, payroll taxes and benefits	251,990	-	251,990	27,999	-	279,989
Services and professional fees	35,023	-	35,023	21,322	3,771	60,116
Transportation	-	9,559	9,559	-	-	9,559
Utilities	-	2,689	2,689	158	316	3,163
TOTAL FUNCTIONAL EXPENSES	\$ 613,315	\$ 77,678	\$ 690,993	\$ 94,170	\$ 77,823	\$ 862,986

See independent accountants' review report and accompanying notes to these financial statements.

SOUTH FLORIDA S.P.C.A. INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets		\$ 181,117
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	\$ 39,200	
Fair value of donated property and equipment	(8,000)	
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Contract receivables	(30,056)	
Prepaid expenses	(272)	
Accounts payable and accrued expenses	<u>(9,584)</u>	
Net cash provided by operating activities		\$ <u>172,405</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(40,267)</u>	
Net cash used in investing activities		<u>(40,267)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments on note payable	\$ <u>(18,808)</u>	
Net cash used in financing activities		<u>(18,808)</u>
NET INCREASE IN CASH		113,330
CASH, July 1, 2018		<u>333,135</u>
CASH, June 30, 2019		<u><u>\$ 446,465</u></u>
Supplemental disclosure of cash flow information		
Cash paid during the period for:		
Interest		\$ 13,209
Non-cash investing and financing activities:		
Property and equipment received as gift		8,000

See independent accountants' review report and accompanying notes to these financial statements.

SOUTH FLORIDA S.P.C.A. INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
NATURE OF ACTIVITIES

The South Florida S.P.C.A. Inc. (Society for the Prevention of Cruelty to Animals) ("the Society"), is a private non-profit organization located in Miami, Florida. Founded in 1992, it is dedicated to the rescue, rehabilitation and adoption of abused, neglected and abandoned horses and other livestock. The Society also educates the community about responsible animal care, animal ownership and promotes the welfare of animals through local and national advocacy. The Society owns a ranch located in Homestead, Florida where horses and other livestock are cared for upon rescue until adoption.

METHOD OF ACCOUNTING

The accompanying financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

BASIS OF PRESENTATION

The Society follows the recommendations of the FASB Accounting Standards Codification, (ASC), under statement ASC 958, in its statement presentation. For the year ended June 30, 2019, the Society adopted the Financial Accounting Standard Board's Accounting Standards Update (ASU) No. 2016-14 – Not-for-Profit-Entities (Topic 958): Presentation of Financial Statements of Non-for-Profit Entities. This guidance is intended to improve the net asset classification requirements, and the information presented in the financial statements and notes about a non-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restriction when the associated long-lived assets is placed in serviced; a recognition of underwater endowment funds as a reduction in net assets with donor restriction. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restriction, liquidity, and expenses by both their natural and functional classification. Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restriction. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restriction - Net assets available for general use and not subject to donor restrictions. The Society's policy is to designate net assets without donor restrictions at the discretion of the Board of Directors. At June 30, 2019 there is no amount designated for specific purposes by the Board.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met either by the passage of time or can be fulfilled and removed by actions of the Society. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. At June 30, 2019 there was \$40,000 in net assets with donor restriction.

SOUTH FLORIDA S.P.C.A. INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
PROPERTY AND EQUIPMENT

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation less an allowance for depreciation. Normal repairs and maintenance are expensed as incurred whereas significant improvements, which materially increases values or extend useful lives, are capitalized and depreciated over the remaining estimated useful lives of the related assets. Depreciation is computed using primarily the straight-line method over the estimated useful lives of the assets. Upon sale or retirement of depreciable assets, the related cost and accumulated depreciation are removed from the accounts. Any gain or loss on the sale or retirement is recognized in current operations.

The Society reviews assets for impairment whenever events or circumstances indicate that the related carrying amount may not be recoverable. At June 30, 2019 there were not assets impaired.

GRANTS AND CONTRACT REVENUE

Private Grants and reimbursement contracts revenue is reported at the estimated net realizable amounts due from grantor or sponsoring agencies. These grants and contract awards general specify the purpose for which the funds are to be used. Revenues from sponsored grants and contracts are recognized when allowable expenditures are incurred under such agreements or by incurring program related costs. Amounts recorded in grants and contracts receivable are for grant expenditures incurred in advance of the receipt of funds.

CONTRIBUTIONS

The Society accounts for contributions in accordance with FASB ASC No. 605. Contributions, including unconditional promises to give, are recognized as revenues in the period received at their fair market value. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. The Society had no promises to give recorded at June 30, 2019. Contributions, which are restricted by the donor, are reported as increases in net assets without donor restrictions if the restriction expires in the same year in which the contributions are recognized. All other donor-restricted contributions are reported as increased in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with restrictions are reclassified to net assets without restrictions. All contributions receivable are due in less than one year.

DONATED PROPERTY AND EQUIPMENT

Donated property and equipment are recorded as contributions at their estimate fair value at the date of donation. Such donations are reported as increases in net assets without restrictions. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Society reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Society reclassifies restricted net assets to unrestricted net assets at that time. Donations in kind for property and equipment of \$8,000 are reflected in the financial statements and are included in contributions without donor restriction.

See independent accountants' review report.

SOUTH FLORIDA S.P.C.A. INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
DONATED SERVICES

Donated services are recognized as contributions in accordance with FASB ASC No.605, if the services create or enhance non-financial assets, or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Society. Volunteers also provided fund-raising and other services throughout the year that are not recognized as contributions in the financial statements since these are not susceptible to objective measurement or valuation. The Society has no contributed services for year ended June 30, 2019.

MEMBERSHIP FEES

Membership donations are recognized as income at the time of receipts.

INCOME TAXES

The Society is exempt from income taxes under the Internal Revenue Code Section 501(c)(3). This exemption is subject to periodic review by the Internal Revenue Code and is not a private foundation. Additionally, Topic 740 provides guidance on measurement, recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Society could be subject to federal tax if they were to conduct an unrelated business. The Society had no unrelated business income during the year ended June 30, 2019. At June 30, 2019, the Society did not have any uncertain tax positions and thus has not recognized any interest and penalties in these financial statements. Tax years that remain subject to examination by federal authorities are 2016, 2017 and 2018.

EXPENSE ALLOCATION

The costs of program and supporting services activities have been summarized on the functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Some expenses, including supplies and materials, are directly identifiable and are charged to programs and supporting services accordingly. Administrative and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. Allocations of significant costs, including compensation and related expenses, contractors, and professional and consultant fees, are based on estimates of time and effort and other reasonable methods.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - GRANTS AND CONTRACT RECEIVABLE

Private Grants and reimbursement contracts receivable are for program services provided in fiscal year ended June 30, 2019 and are considered fully collectible.

SOUTH FLORIDA S.P.C.A. INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - PROPERTY AND EQUIPMENT

A summary of property and equipment and their estimated useful lives as of June 30, 2019 is as follows:

Classification	Estimated Useful Life (in years)	
Land	-	\$ 493,294
Building	39	238,000
Building Improvements	20	67,449
Vehicle	5	47,288
Furniture and Equipment	3-5	186,013
		1,032,044
Accumulated Depreciation		(219,730)
Total Property and Equipment		\$ 812,314

Depreciation expense for the year ended June 30, 2019 was \$39,200.

NOTE 4- NOTE PAYABLE

On October 1, 2012 the Society borrowed \$450,000 in the form of a mortgage note payable for the acquisition of a ranch in Homestead, Florida. The mortgage has a fixed interest rate of 3.75% with a ten-year maturity of October 1, 2022. There are monthly payments of principal and interest of \$2,668 until maturity, at which time the remaining principal balance is due. The mortgage note payable is secured by the ranch property. The outstanding balance is \$337,135 as of June 30, 2019. Interest expense for the year ended June 30, 2019 was \$13,209.

The future minimum mortgage principal payments are as follows:

Year Ended June 30,	
2020	\$ 19,771
2021	20,525
2022	21,309
Thereafter	275,530
	\$ 337,135

NOTE 5 - NET ASSETS

At June 30, 2019 net assets with donor restriction are composed of amounts received by the Society who use was limited by either the passage of time or stipulations set forth by the donor. As of June 30, 2019, net assets with donor restriction consist of \$40,000 received in prior year to build a quarantine facility and the restricted funds are held in cash.

SOUTH FLORIDA S.P.C.A. INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 6 - LIQUIDITY AND AVAILABILITY

Financial Assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position sheet date, comprise of the following:

		2019
Cash	\$	446,465
Contract receivables		50,000
		496,465
Less those unavailable for general expenditures within one year		40,000
Financial assets available to meet cash needs for general expenditures within one year.	\$	456,465

As part of the Society's liquidity management, the governing board has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. At June 30, 2019, the Board has not designated or reserved any portion of the financial assets for any specific operating purposes.

NOTE 7 - CONCENTRATION OF REVENUES SOURCE

The Society has an agreement with Miami-Dade County Animal Services Department of Florida for the reimbursement of agreed upon expenses for the transport, impoundment and care of large animals which are victims of cruelty and neglect in Miami-Dade County. This includes reimbursement for animal health related services. The agreement is for \$200,000 but up to a maximum amount of \$250,000, payable upon submission of an invoice with applicable documentation on a quarterly basis. The contract period is October 1, 2018 to September 30, 2019. The receivable from this contract is \$50,000 as of June 30, 2019 and was collected subsequent to year end. The contract revenue amounted to \$254,623 and represents 24% of total support and revenue for the year ended June 30, 2019. This amount includes \$104,622 related to prior year reimbursement expenses agreed by the Miami-Dade County to be paid during this year. The contract expires on September 30 of each year and is historically renewed for the subsequent annual period.

NOTE 8 - CONTINGENCY

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the Society. The amount, if any, of expenditures, which may be disallowed by the grantor, cannot be determined at this time although the Society expects such amounts, if any, would not have a material adverse effect on the Society's financial position.

NOTE 8 - SUBSEQUENT EVENTS

The Society has evaluated events and transactions for potential recognition or disclosure in the financial statements through January 14, 2020 (the date the financial statements were available to be issued).