

Suncoast Humane Society, Inc.

Audited Financial Statements

December 31, 2022 and 2021

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
 FINANCIAL STATEMENTS	
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-16



SUPLEE SHEA CRAMER & MILLER, PA

CERTIFIED PUBLIC ACCOUNTANTS

T. RAYMOND SUPLEE, CPA
NORMAN J. SHEA III, CPA
THOMAS R. CRAMER, CPA
JAY D. MILLER, CPA
CANDY L. KESSEL, CPA
MARINA DINER, CPA

Independent Auditors' Report

To the Board of Trustees
Suncoast Humane Society, Inc.

Opinion

We have audited the accompanying financial statements of Suncoast Humane Society, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Suncoast Humane Society, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Suncoast Humane Society, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ABC Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Suncoast Humane Society, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Suncoast Humane Society, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Suncoast Humane Society, Inc.'s 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated March 14, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which is has been derived.

Suplee Shea Cramer & Miller, P.A

SUPLEE SHEA CRAMER & MILLER, P.A.
Sarasota, Florida

January 10, 2024

Suncoast Humane Society, Inc.
Statements of Financial Position
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 2,024,008	\$ 2,137,719
Inventories	10,778	59,505
Prepaid expenses	8,372	8,372
Cash restricted for building project	4,805,193	4,271,577
Unconditional promises to give, net of allowance	1,129,974	1,793,006
Investments	1,502,089	1,302,810
Land, buildings and equipment, net of depreciation	791,816	786,250
Construction in progress	1,713,948	1,524,516
Security deposits	31,239	31,239
Operating lease right-of-use asset, net	3,669,005	-
TOTAL ASSETS	<u><u>\$ 15,686,422</u></u>	<u><u>\$ 11,914,994</u></u>
<u>Liabilities</u>		
Current liabilities:		
Current portion of long-term notes payable	\$ 198,885	\$ 21,564
Current portion of operating lease payable	194,070	-
Accounts payable	104,114	36,560
Accrued payroll liabilities	9,597	11,272
Sales tax payable	10,150	9,107
PPP Loan	-	333,440
Total current liabilities	<u>516,816</u>	<u>411,943</u>
Long-term notes payable, net of current portion	-	197,720
Operating lease payable, net of current portion	3,588,422	-
Total long-term liabilities	<u>3,588,422</u>	<u>197,720</u>
Total liabilities	<u><u>4,105,238</u></u>	<u><u>609,663</u></u>
<u>Net Assets</u>		
Without Donor Restrictions	5,023,697	4,914,395
With Donor Restrictions	6,557,487	6,390,936
Total net assets	<u>11,581,184</u>	<u>11,305,331</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 15,686,422</u></u>	<u><u>\$ 11,914,994</u></u>

Suncoast Humane Society, Inc.
Statements of Activities
For the Years Ended December 31, 2022 and 2021

	2022			2021
	Without Donor Restriction	With Donor Restriction	Total	Total
<u>Changes in Net Assets</u>				
<u>Support and Revenues</u>				
Contributions and grants	\$ 1,269,468	\$ 350,134	\$ 1,619,602	\$ 2,990,651
Outreach revenue	-	-	-	730
Animal care and clinic revenue	404,455	-	404,455	463,197
Retail revenue	1,172,745	-	1,172,745	1,401,032
Gain on sale of assets	1,328	-	1,328	1,790
Realized and unrealized gain on investments	(161,065)	-	(161,065)	110,142
Investment income	30,557	-	30,557	7,809
PPP loan forgiveness income	333,440	-	333,440	349,320
Total Support and Revenues	3,050,928	350,134	3,401,062	5,324,671
Net Assets Released From Restrictions	183,583	(183,583)	-	-
Total Support and Revenues	3,234,511	166,551	3,401,062	5,324,671
<u>Expenses</u>				
Outreach program expenses	183,824	-	183,824	307,918
Animal care and clinic expenses	1,144,784	-	1,144,784	994,330
Thrift store expenses	1,027,500	-	1,027,500	801,678
Management and general expenses	338,631	-	338,631	330,150
Marketing and fundraising expenses	430,470	-	430,470	410,852
Total Expenses	3,125,209	-	3,125,209	2,844,928
INCREASE IN NET ASSETS	109,302	166,551	275,853	2,479,743
NET ASSETS AT BEGINNING OF YEAR	4,914,395	6,390,936	11,305,331	8,825,588
NET ASSETS AT END OF YEAR	\$ 5,023,697	\$ 6,557,487	\$ 11,581,184	\$ 11,305,331

Suncoast Humane Society, Inc.
Statements of Functional Expenses
For the Years Ended December 31, 2022 and 2021

	2022					2021	
	Program Activities			Supporting Activities		Total	Total
	Outreach	Animal Care & Clinic	Thrift Store	Management & General	Marketing & Fundraising		
Direct program costs							
Veterinarian services	\$ -	117,022	\$ -	\$ -	\$ -	\$ 117,022	\$ 140,265
Angel care expenses	-	24,929	-	-	-	24,929	18,688
Medical supplies	-	251,100	-	-	-	251,100	219,571
Pet food	-	34,589	-	-	-	34,589	21,938
Cleaning and supplies	-	17,721	-	-	-	17,721	14,156
Total direct program costs	-	445,361	-	-	-	445,361	414,618
Advertising	61	754	827	17,079	69,712	88,433	80,727
Depreciation and amortization	-	20,479	5,198	5,910	-	31,587	34,955
Insurance	795	11,709	8,353	3,893	-	24,750	17,879
Office expenses	1,672	6,669	12,843	63,812	50,087	135,083	150,066
Occupancy expenses	293	64,732	603,663	70,431	25,585	764,704	525,166
Payroll expenses	181,003	594,412	380,702	162,614	278,895	1,597,626	1,573,087
Supplies, travel, and other expenses	-	668	15,914	6,820	6,191	29,593	29,081
Interest	-	-	-	8,072	-	8,072	19,349
Total Expenses	\$ 183,824	\$ 1,144,784	\$ 1,027,500	\$ 338,631	\$ 430,470	\$ 3,125,209	\$ 2,844,928

Suncoast Humane Society, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities:		
Increase in net assets	\$ 275,853	\$ 2,479,743
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	31,587	34,955
Contributions of stock	(329,787)	(192,219)
Interest and dividends on investments	(30,557)	(7,809)
Realized and unrealized gains on investments	161,065	(110,142)
PPP loan forgiveness income	(333,440)	(349,320)
(Increase) decrease in:		
Inventory	48,727	(223)
Pledges receivable	663,032	1,763,104
Prepaid expenses	-	(3,271)
Deposits	-	(2,000)
Right of use assets - operating	275,926	-
Increase (decrease) in:		
Accounts payable and accrued expenses	66,922	(61,309)
Operating lease liabilities	(162,440)	-
Net Cash Provided by Operating Activities	<u>666,888</u>	<u>3,551,509</u>
Cash Flows from Investing Activities		
Purchases of buildings, property and equipment	(37,152)	(11,236)
Purchases of investments	-	(684,653)
Construction in process for new location	(189,432)	(331,168)
Increase in cash restricted for building project	(533,616)	(1,717,000)
Net Cash Used for Investing Activities	<u>(760,200)</u>	<u>(2,744,057)</u>
Cash Flows from Financing Activities		
Proceeds from PPP loan	-	333,440
Principal repayments on notes payable	(20,399)	(26,401)
Net Cash Provided by (Used for) Financing Activities	<u>(20,399)</u>	<u>307,039</u>
Net increase (decrease) in cash and cash equivalents	<u>(113,711)</u>	<u>1,114,491</u>
Cash and cash equivalents at beginning of year	<u>2,137,719</u>	<u>1,023,228</u>
Cash and cash equivalents at end of year	<u>\$ 2,024,008</u>	<u>\$ 2,137,719</u>
Supplemental cash flow information:		
Interest paid	<u>\$ 7,040</u>	<u>\$ 18,317</u>
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash outflows from operating leases	<u>\$ 228,377</u>	<u>\$ -</u>
Right-of-use asset upon ASC 842 implementation:	<u>\$ 3,944,931</u>	<u>\$ -</u>

Suncoast Humane Society, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Note 1 - Summary of Significant Accounting Policies

Organization and Purposes

The Suncoast Humane Society, Inc. (the Organization) was founded in 1971 as the Animal Aid Society of Englewood; became incorporated with the State of Florida on October 12, 1987; and changed their name to Suncoast Humane Society in July 1999. The Organization is a regional resource for animal care and protection serving the counties of Charlotte, Southern Sarasota, Lee (Boca Grande), DeSoto, Manatee, and beyond.

The Organization's purposes are:

1. Shelter animals, through a bricks-and-mortar shelter, foster families, and Positive Alternatives to Shelter Surrender (PASS).
2. Provide preventative care such as low-cost spay and neuter, vaccinations, and other care to prevent pet overpopulation and illness.
3. Respond to community needs by implementing outreach and education programs and services such as pet therapy, pet food bank, behavior training and creative initiatives to positively influence the human-animal bond.
4. Operate an open admission animal care center that accepts all animals brought in.
5. Provide a lost and found service for community pet owners.
6. Offer humane education to encourage all individuals from children to seniors to bond with animals.
7. Provide low-cost veterinary service for pets belonging to low or fixed-income individuals.
8. Encourage foster care and adoptions to reduce shelter populations.

The Organization provides a comprehensive range of animal aid services including operation of a humane society, animal shelter, preventive health clinic, thrift stores, satellite adoption centers, a mobile spay and neuter program, community outreach and education programs, pet therapy programs, and disaster recovery response efforts during hurricanes and severe weather events.

Basis of Accounting

These financial statements have been prepared using the accrual basis of accounting; and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization has adopted Financial Accounting Standards Board (FASB) Accounting Standard Codification topic 958, *Financial Statements of Not-For-Profit Organizations*. This topic was updated in August 2016 by ASU 2016-14 to clarify reporting for financial periods after December 15, 2017. As a result, the Organization's net assets are classified as (1) with donor restrictions or (2) without donor-imposed restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Suncoast Humane Society, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Note 1 - Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers highly liquid investments available for re-investment as short-term investments rather than cash on hand.

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either by the passage of time or by use) in the reporting period in which the income and gains are recognized.

Promises to Give

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

The Organization collected capital donations when acquiring additional land. The Organization initiated a large Shelter Me Capital Campaign in 2018 and began actively seeking donations and pledges. These funds are restricted for the construction of a new building by donors and are not available for operating purposes. The Board monitors pledges and does not consider any specific pledges as uncollectible pledges as of December 31, 2022.

Inventory

The Organization maintains an inventory of donated items that are sold in their thrift store locations. Donated items are not included in inventory figures.

An inventory of medicine is purchased for use at the onsite clinic and is valued at cost.

Property and Equipment

The Organization capitalizes acquisitions of property and equipment in excess of \$2,500. Lesser amounts are expensed. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets with explicit restrictions regarding their use and contributions of cash that must be used to acquire such property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated or acquired assets must be maintained, the Organization reports expirations of donor restrictions when the donated property is placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five years for furniture and vehicles to thirty years for buildings.

Suncoast Humane Society, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Note 1 - Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Organization receives revenue from a variety of sources, including: contributions and grants from individual and corporate donors as well as legacy bequests; revenue from outreach programs and special events; revenue from its animal care center from adoption fees, boarding fee, and licensing fees; revenue from veterinary services, medications and spay/neuter program fees; proceeds from sales of donated items at the thrift store locations; and investment income from dividends, interest, and realized and unrealized capital gains.

Donated Services

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by the donation.

The Organization generally pays for services requiring specific expertise and has more than four hundred volunteers who perform a variety of tasks. There were no contributed services meeting requirements for financial statement recognition, and as such, the fair value of these volunteer services is not reflected.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation according to the economic benefits received by incurring those expenses. The expenses that are allocated include compensation and benefits, which are allocated on the basis of time and effort; occupancy, utilities and depreciation, which are allocated on a percentage based upon square footage; and other costs such as interest expense and supplies, which are allocated by estimated percentage used. Management must review allocations to ensure they are reasonable and consistently applied.

Marketing and fundraising expenses include the cost of managing the capital campaign.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation.

Fair Value Measurements

The Organization reports investments using FASB Accounting Standard Codification 958, Accounting for Certain Investments Held by Not-For-Profit Organizations. Under this topic, investments are valued at their fair market or appraised value on the statement of financial position; unrealized and realized gains and losses are reflected in the statement of activities. The Organization invests primarily in stock and bond mutual funds and cash equivalents held at two institutions. The cash portion of the investment portfolio is reported as short-term investments on the Statement of Financial Position.

Suncoast Humane Society, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Note 1 - Summary of Significant Accounting Policies (continued)

The Organization groups investment assets generally measured at fair value in three levels based on the markets where traded and the reliability of the assumptions used to determine fair value.

Level 1- Quoted prices for identical instruments in active markets.

Level 2 - Quoted prices for similar or identical instruments in active markets or non-active markets or other significant observable inputs.

Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Reclassifications

Certain amounts in the prior year's financial statements have been reclassified for comparative purposes to conform to the presentation in the current year's financial statements.

New Accounting Pronouncements

The FASB issued ASU 2016-02, Leases (Topic 842), which replaces existing lease accounting guidance. The new guidance is intended to provide enhanced transparency and comparability by requiring lessees to record right-of-use (ROU) assets and corresponding lease liabilities on the balance sheet for all leases with the terms exceeding twelve months.

As part of the transition to ASC 842, the Organization uses the modified retrospective approach to measure and recognize leases that existed at January 1, 2022. The Organization elects to apply ASC 842 retrospectively at the beginning of the period of adoption through a cumulative effect adjustment as of January 1, 2022 and continues to apply ASC 840 for year-end December 31, 2021.

For leases existing at the transition date, the Organization applied the package of three transition practical expedients and therefore did not reassess whether an arrangement is or contains a lease, did not reassess lease classification, and did not reassess what qualifies as an initial direct cost. Additionally, the Organization applied the practical expedient to use hindsight for the purpose of determining the lease term. The Organization applied the short-term lease exemption of not recognizing a ROU assets and lease liability for leases that have terms of 12 months or less.

Upon adoption, the Organization recognized right-of-use assets and corresponding lease liabilities of \$3,944,931 for all qualifying operating leases. This represents the present value of the remaining lease payments of approximately \$4,701,093, discounted using the elected risk-free borrowing rate of 1.55 – 2.05%.

Suncoast Humane Society, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Note 2 – Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets, reduced by amounts not available for general use because of contractual or donor-imposed restrictions, as of December 31,:

	<u>2022</u>	<u>2021</u>
Financial assets, at year end	\$ 9,461,264	\$ 9,505,112
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with time or purpose restrictions	<u>(6,526,216)</u>	<u>(6,360,665)</u>
Financial assets available within one year	<u>\$ 2,935,048</u>	<u>\$ 3,144,447</u>

Note 3 – Unconditional Promises to Give

Unconditional promises to give are as follows at December 31,:

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 1,219,368	\$ 1,476,313
Receivable in one to five years	<u>25,000</u>	<u>460,304</u>
Total unconditional promises to give	1,244,368	1,936,617
Less discounts to net present value	(52,176)	(46,781)
Less allowance for uncollectible promises receivable	<u>(62,218)</u>	<u>(96,830)</u>
Net unconditional promises to give	<u>\$ 1,129,974</u>	<u>\$ 1,793,006</u>

Promises to give that are receivable in more than one year are discounted at 5%.

Note 4 – Investments

The Organization held the following investments on December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash	\$ 137,229	\$ 96,481
Mutual funds	843,503	551,753
Exchange traded funds	28,360	35,120
Equities	446,512	569,196
Common trust funds	46,485	50,260
Total investments	<u>\$ 1,502,089</u>	<u>\$ 1,302,810</u>

Investment income from cash equivalents and investments consisted of the following for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest and dividend income	\$ 30,557	\$ 7,809
Net realized and unrealized gains	<u>(161,065)</u>	<u>110,142</u>
Total investment income	<u>\$ (130,508)</u>	<u>\$ 117,951</u>

Suncoast Humane Society, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Note 5 - Property and Equipment

Property and equipment are summarized by major classification as follows, as of December 31,:

	<u>2022</u>	<u>2021</u>
Building	\$ 1,061,875	\$ 1,061,875
Equipment	196,533	162,130
Furniture and fixtures	15,272	12,523
Land and improvements	434,815	434,815
Mobile trailer	16,371	16,371
Signs	29,201	29,201
Vehicles	<u>70,747</u>	<u>70,747</u>
Total property and equipment	1,824,814	1,787,662
Less accumulated depreciation	<u>(1,032,998)</u>	<u>(1,001,412)</u>
Total property and equipment, net	<u>\$ 791,816</u>	<u>\$ 786,250</u>

On December 20, 2013, the Organization purchased land for new facilities and started the process of designing a new facility. The land has been surveyed, and an architect and construction manager have been retained. Plans have been drafted for the new facility, and the total cost incurred on the project through December 31, 2022 was \$1,713,948.

Note 6 – Lease Commitments

The Organization leases facilities under noncancelable operating leases expiring through December of 2032, with renewals available through June 2043. Total rental expense, including operating costs and taxes, for the year ended December 31, 2022 was \$488,383. Rental expense for the year ended December 31, 2021, which was accounted for in accordance with ASC 840, was \$323,791.

The right-of-use asset and corresponding liability associated with future lease payments at December 31, 2022 are shown below:

Right-of-use assets	\$ 3,944,931
Accumulated amortization	<u>(275,926)</u>
Right-of-use assets, net	<u>\$ 3,669,005</u>
Lease liabilities	\$ 3,782,492
Weighted average remaining lease term	15.66 years
Weighted average discount rate	1.88%

Suncoast Humane Society, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Note 6 – Lease Commitments, continued

Future Lease Payments

The following operating lease payments are expected to be paid for each of the following years ending December 31,:

2023	\$ 263,425
2024	300,039
2025	312,217
2026	324,481
2027	336,836
Thereafter	<u>2,935,681</u>
Total lease payments	\$ 4,472,679
Less effects of discounting	<u>(690,187)</u>
Total	<u><u>\$ 3,782,492</u></u>

Note 7 – Long-term Debt

The Organization had the following notes outstanding on December 31,:

	<u>2022</u>	<u>2021</u>
In July 2016, the Organization refinanced their mortgage with a \$310,000 mortgage that matures on June 17, 2023. The interest rate on the mortgage is 4.484%, and payments of \$2,366 are due each month. The debt is secured by the real estate at their current location of 6781 San Casa Blvd., Englewood, FL. The debt was paid in full at its maturity in June 2023.	\$ 199,402	\$ 218,433
Equipment loan payable to a bank which matured in August 2022. The interest rate on the loan was 4.45%, and payments of \$306 were due monthly until maturity.	<u>-</u>	<u>2,400</u>
Total long-term debt	199,402	220,833
Less unamortized loan costs	(517)	(1,549)
Less current portion of long-term debt	<u>(198,885)</u>	<u>(21,564)</u>
Long-term debt, net of current portion	<u><u>\$ -</u></u>	<u><u>\$ 197,720</u></u>

Loan costs associated with the mortgage payable are recognized over the seven-year life of the loan at a rate of \$1,032 per year. Amortization of loan costs are reported as interest expense. Loan costs and amortization are as follows:

	<u>2022</u>	<u>2021</u>
Loan costs, as of January 1	\$ 1,549	\$ 2,581
Less: accumulated amortization	<u>(1,032)</u>	<u>(1,032)</u>
Loan costs, as of December 31	<u><u>\$ 517</u></u>	<u><u>\$ 1,549</u></u>

Suncoast Humane Society, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Note 8 – Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

	Angel Medical Fund	Capital Campaign	Land for Animal Shelter	Total Net Assets with Donor Restrictions
Balance at 12/31/2020	51,483	6,088,706	30,371	6,170,560
Pledges received	-	-	-	-
Contributions received	630	713,214	-	713,844
Released from restrictions	(18,688)	(474,780)	-	(493,468)
Balance at 12/31/2021	33,425	6,327,140	30,371	6,390,936
Pledges received	-	-	-	-
Contributions received	1,151	348,983	-	350,134
Released from restrictions	(23,368)	(160,215)	-	(183,583)
Balance at 12/31/2022	<u>\$ 11,208</u>	<u>\$ 6,515,908</u>	<u>\$ 30,371</u>	<u>\$ 6,557,487</u>

In 1982, Charlotte County sold 1.15 acres of land at 6781 San Casa Blvd., Englewood, FL, to the Organization for the purpose of housing an animal shelter. The deed to 6781 San Casa Blvd had a restriction that the premises must be used for an animal shelter and no other purpose. The deed also indicated use of the land for any other purpose would terminate the conveyance and allow Charlotte County to take possession of the premises.

Net assets are released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors. Total assets released from restrictions for the years ended December 31, 2022 and 2021 was \$183,583 and \$493,468, respectively.

Note 9 – Concentration of Credit Risk

The Organization maintains a majority of its operating and restricted cash accounts with one bank. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The uninsured portion of this balance was \$6,813,886 and \$6,147,442 as of December 31, 2022 and 2021, respectively.

Suncoast Humane Society, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Note 10 – Retirement Plan

The Organization has a defined contribution plan for the benefit of its employees. The annual contribution match is up to \$500 for each employee who meets the eligibility requirements during the plan year. The plan expense was \$1,472 and \$2,347 for the years ended December 31, 2022 and 2021, respectively.

Note 11 – Fair Value of Financial Assets and Liabilities

The Organization's assets measured at fair value by level in the fair value hierarchy described at Note 1, "Fair Value Measurements", consist of the following:

Description	12/31/22	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)**
Cash	\$ 137,229	\$ 137,229	\$ -	\$ -
Mutual funds	843,503	843,503	-	-
Exchange traded funds	28,360	28,360	-	-
Equities	446,512	446,512	-	-
Common trust funds	46,485	-	-	46,485
Total	<u>\$ 1,502,089</u>	<u>\$ 1,455,604</u>	<u>\$ -</u>	<u>\$ 46,485</u>

Description	12/31/2021	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)**
Cash	\$ 96,481	\$ 96,481	\$ -	\$ -
Mutual funds	551,753	551,753	-	-
Exchange traded funds	35,120	35,120	-	-
Equities	569,196	569,196	-	-
Common trust funds	50,260	-	-	50,260
Total	<u>\$ 1,302,810</u>	<u>\$ 1,252,550</u>	<u>\$ -</u>	<u>\$ 50,260</u>

** Investment funds with a fair value of \$46,485 and \$50,260 as of December 31, 2022 and 2021, respectively, are held at a local community foundation. An analysis of the Organization's share of changes in the Level 3 assets is not presented because information was not available on an individual account basis from the community foundation.

The unrealized gains and losses included in changes in net assets for the period above are reported in net realized and unrealized gains and losses on investments in the statement of activities for the year ended December 31, 2022 and 2021.

Suncoast Humane Society, Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Note 12 – Payroll Protection Program

Due to the COVID-19 Pandemic, the Paycheck Protection Program Flexibility Act of 2020 (PPP Act) was signed into law to amend the Small Business Administration's (SBA) Paycheck Protection Program (PPP) enacted under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), section 7(a)(36) of the Small Business Act.

The organization obtained a PPP loan of \$349,320 in May 2020, which was forgiven in March 2021, and is reported as unrestricted grant income for the year ended December 31, 2021. The organization received a second PPP loan of \$333,440 in March 2021 to assist with 2021 payroll costs. This loan was forgiven in June 2022 and is reported as unrestricted grant income for the year ended December 31, 2022.

Note 13 – Hurricane Ian

On September 28, 2022, the area served by the organization was impacted by a major hurricane, which resulted in a temporary loss of operations and damages to facilities and equipment. Hurricane related costs incurred during the year ended December 31, 2022 totaled approximately \$52,000. These costs included debris cleanup and tree removal, HVAC repairs, and mold remediation and are included in occupancy expenses in the Statement of Activities.

Note 14 - Subsequent Events

Subsequent events have been evaluated through January 10, 2024, the date the financial statements were available to be issued.