

ANIMAL COALITION OF TAMPA, INC.

FINANCIAL STATEMENTS

For the year ended December 31, 2019

ANIMAL COALITION OF TAMPA, INC.

FINANCIAL STATEMENTS

For the year ended December 31, 2019

Contents	Page
Independent Accountant's Review Report	1
Statement of Financial Position	2
Statement of Activities.....	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements.....	6 – 13



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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Animal Coalition of Tampa, Inc.
Tampa, FL

We have reviewed the accompanying financial statements of Animal Coalition of Tampa, Inc. (a non-profit organization) which comprise the statement of financial position as of December 31, 2019 and the related statements of activities, statement of functional expenses and statement of 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 Organization 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.

Management's 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 financial statements that are free from material misstatements whether due to fraud or error.

Accountant's 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.

Accountant's Conclusion

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

LaPlant & Rainey, CPA, PA

December 11, 2020

**ANIMAL COALITION OF TAMPA, INC.
STATEMENT OF FINANCIAL POSITION**

As of December 31, 2019

ASSETS

CURRENT ASSETS

Cash without donor restrictions	\$ 218,796
Inventory	<u>64,420</u>
Total Current Assets	<u>283,216</u>

PROPERTY AND EQUIPMENT, NET 781,092

OTHER ASSETS 3,793

\$ 1,068,101

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 1,649
Current maturities of obligations under capital leases	17,242
Line of credit	150,377
Current maturities of notes payable	<u>49,646</u>
Total Current Liabilities	<u>218,914</u>

LONG TERM LIABILITIES

Notes payable, net of current maturities	418,235
Obligations under capital leases, net of current maturities	<u>26,622</u>
Total Long Term Liabilities	<u>444,857</u>
Total Liabilities	<u>663,771</u>

NET ASSETS

Net assets without donor restrictions	<u>404,330</u>
Total Net Assets	<u>404,330</u>

\$ 1,068,101

Read accompanying notes to financial statements and independent accountant's review report.

**ANIMAL COALITION OF TAMPA, INC.
STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Revenue			
Clinic services and products	\$ 1,930,040		\$ 1,930,040
Cost of products sold	<u>(130,997)</u>		<u>(130,997)</u>
Gross Profit	<u>1,799,043</u>		<u>1,799,043</u>
Support			
Contributions and grants	<u>61,307</u>		<u>61,307</u>
Total Support	<u>61,307</u>		<u>61,307</u>
Net assets released from restrictions	<u>26,946</u>	<u>\$ (26,946)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>1,887,296</u>	<u>(26,946)</u>	<u>1,860,350</u>
EXPENSES			
Program services	1,415,542		1,415,542
Management and general	262,716		262,716
Fundraising	1,240		1,240
Loss on disposition of assets	<u>10,130</u>		<u>10,130</u>
Total Expenses	<u>1,689,628</u>		<u>1,689,628</u>
CHANGE IN NET ASSETS	197,668	(26,946)	170,722
NET ASSETS AT BEGINNING OF YEAR	<u>206,662</u>	<u>26,946</u>	<u>233,608</u>
NET ASSETS AT END OF YEAR	<u>\$ 404,330</u>	<u>\$ -</u>	<u>\$ 404,330</u>

Read accompanying notes to financial statements and independent accountant's review report.

**ANIMAL COALITION OF TAMPA, INC.
STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2019

	Program Services	Management and General	Fundraising	Total
Advertising/ marketing	\$ 105	\$ 5,353	\$ 1,240	\$ 6,698
Accounting services		40,282		40,282
Bank/credit card fees		38,118		38,118
Communications	9,281	21,655		30,936
Contracted services	268,854			268,854
Employee benefits	21,665	2,700		24,365
Facilities and equipment	6,002			6,002
Insurance	9,390			9,390
Interest		37,205		37,205
Medical supplies/ lab	510,979			510,979
Office supplies	4,030	9,404		13,434
Other expenses	330	4,975		5,305
Payroll and related expenses	443,861	97,803		541,664
Pension and administration	6,020	5,221		11,241
Rent	9,113			9,113
Repairs and maintenance	35,218			35,218
Vet services	12,416			12,416
Uniforms	3,498			3,498
Utilities	19,271	-	-	19,271
Total Expenses Before Depreciation	1,360,033	262,716	1,240	1,623,989
Depreciation	55,509			55,509
Total Expenses	<u>\$ 1,415,542</u>	<u>\$ 262,716</u>	<u>\$ 1,240</u>	<u>\$ 1,679,498</u>

Read accompanying notes to financial statements and independent accountant's review report.

ANIMAL COALITION OF TAMPA, INC.
STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 170,722
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	55,509
Interest - debt financing	553
Loss on disposition of assets	10,130
Changes in operating assets and liabilities:	
Accounts receivable	2,605
Inventory	(43,883)
Accounts payable	<u>(60,664)</u>
Net Cash Provided by Operating Activities	<u>134,972</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of equipment and improvements to real estate	<u>(109,072)</u>
Net Cash Used in Investing Activities	<u>(109,072)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of capital lease	(20,600)
Net borrowings on line of credit	74,436
Proceeds from note payable	50,000
Repayments of notes payable	<u>(44,495)</u>
Net Cash Provided by Financing Activities	<u>59,341</u>

INCREASE IN CASH 85,241

CASH AND RESTRICTED CASH, BEGINNING OF YEAR, RESTATED 133,555

CASH, END OF YEAR \$ 218,796

SUPPLEMENTAL CASH FLOW INFORMATION:

Cash paid for interest \$ 36,652

Read accompanying notes to financial statements and independent accountant's review report.

**ANIMAL COALITION OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS**

For the year ended December 31, 2019

NOTE 1 - BACKGROUND INFORMATION

Animal Coalition of Tampa, Inc., (the Organization) is a nonprofit Organization in Hillsborough County, Florida which was formed under the laws of the State of Florida on May 3, 2001. The Organization's mission is to end euthanasia as a means of population control in Hillsborough County through high quality, high volume spay/neuter services, innovative adoptions and comprehensive education to control pet overpopulation in Hillsborough County, Florida. This is done through the following major projects:

- Spay/Neuter Clinic – high quality, high volume, low cost spay/neuter surgeries for dogs and cats and medication to keep animals in the home.
- SpayDay – a monthly volunteer spay/neuter program for feral cats of Hillsborough County, Florida. In February this program was brought in-house and treated as a separate program.
- Spay FL – an 800 number and web-based outreach program which provide the citizens of Florida about locations throughout the state that provide low cost sterilization services.
- Alliance to Save 90 – Animal Coalition of Tampa, Inc. d/b/a as an advocacy group providing education outreach to end euthanasia as a means of population control in Hillsborough County.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net assets classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board.

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

**ANIMAL COALITION OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS**

For the year ended December 31, 2019

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in the net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restrictions is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue Recognition

Primary sources of revenue for the Organization are fees earned from spay/neuter surgeries, product sales, and wellness visits to keep animals in the home.

The Organization uses the reserve for bad debt method of valuing doubtful accounts receivable, which is based on historical experience, coupled with a review of the current status of existing receivables.

In-Kind Contributions

The Organization recognizes revenue and expenses from donated professional services and goods. The amounts reported are based on the estimated fair value for the professional services and goods at the date they are received. Such contributions are reported received without donor restrictions unless the donor has restricted the contribution to a specific purpose. The amount for these professional services and goods is recorded in the accompanying financial statements in revenue and support and expenses.

Volunteer services received that do not require specialized skills are not reflected in the financial statements because they do not meet the criteria for recognition in accordance with generally accepted accounting principles.

**ANIMAL COALITION OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS**

For the year ended December 31, 2019

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

Advertising costs (direct mail) are expensed when incurred.

Functional Expenses

The cost of providing program and other activities have been summarized on a functional basis in the statement of functional expenses. All costs that are directly related to the conduct and supervision of a program or support function are included with the program or support function that receive the benefits. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis.

Income Taxes

The Organization is a tax-exempt Organization under the provisions of Section 501(c)(3) of the Internal Revenue Code within the meaning of Section 509(a) of the code. Therefore, no provision has been made for taxes. In addition, the Organization is classified as other than a private foundation

Inventory

Inventory consists primarily of animal medications and other products which are stated at the lower of cost or market using the average cost method.

Property and Equipment

All property and equipment is recorded at cost. Donated assets are recorded at their estimated fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives ranging from three to forty years. All acquisitions of property and equipment in excess of \$500 are capitalized.

Use of Estimates

The preparation of financial statements in conformity with generally accepting accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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.

**ANIMAL COALITION OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS**

For the year ended December 31, 2019

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Note Financing Costs

Note financing costs are amortized on a straight-line basis over the fifteen-year term of the loan. The mortgage note payable is recorded on the balance sheet net of unamortized note financing costs. At December 31, 2019, the Organization has unamortized note financing costs of \$7,466.

New Accounting Pronouncement

In 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-18, Statement of Cash Flows (Topic 230) – *Restricted Cash*. The update addresses the diversity that exists in the classification and presentation of changes in restricted cash on the statement of cash flows. The Organization has adopted the requirements of Topic 230 in the presentation of its statement of cash flows.

NOTE 3 – LIQUIDITY AND AVAILABILITY

The following table reflects the Organization’s financial assets as of December 31, 2019, reduced by amounts not available for general expenditures within one year:

Financial assets at year-end and available to meet cash needs for general expenditures	<u>\$218,796</u>
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The Organization’s goal is to maintain financial assets to meet 90 days of operating expenses. The Organization also has a line of credit available to meet cash flow needs and the availability of liquid funds from credit cards.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Building and improvements	\$ 733,632
Equipment and furniture	345,696
Computer system and software	72,891
Vehicles	<u>24,548</u>
	1,176,767
Less accumulated depreciation	<u>(395,675)</u>
	<u>\$ 781,092</u>

Depreciation and amortization expense for the year ended December 31, 2019 was \$55,509.

**ANIMAL COALITION OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS**

For the year ended December 31, 2019

NOTE 5 – CONCENTRATIONS

Hillsborough County Animal Services (HCAS) administers a voucher program which was created to control pet overpopulation by encouraging low income residents to spay/neuter their pet dogs and cats. The voucher program is subject to annual budget approval by the Hillsborough County's Board of County Commissioners.

NOTE 6 – CAPITAL LEASES

Obligations under the capital leases are as follows:

Computer system lease payable in monthly installments of \$905.50.
The lease expires in April 2020. Purchase option is \$1. Lease is
collateralized by the computer system which cost \$52,429. \$ 5,433

Medical and lab equipment lease payable in 72 monthly
installments of \$1,050. The lease expires December 2022
and is collateralized by equipment which cost \$75,600. 38,431
43,864

Less current maturities (17,242)
\$26,622

Future minimum lease payments under the capital leases are:

2020	\$18,664
2021	12,600
2022	<u>12,600</u>
Present value of minimum lease payments	<u>\$43,864</u>

Assets recorded under capital leases:

Cost	<u>\$123,107</u>
Accumulated depreciation	<u>\$ 87,179</u>

**ANIMAL COALITION OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS**

For the year ended December 31, 2019

NOTE 7 – NOTES PAYABLE

Notes payable consist of the following:

Mortgage payable to a bank. 180 monthly payments of \$3,792, including interest at 4.95% through July 2023. Secured by real estate.	\$447,401
Note payable to a vendor. 24 monthly payments of \$2,238, including interest at 6.99% through January 2021. Unsecured.	<u>27,946</u>
	475,347
Less current maturities	<u>(49,646)</u>
	425,701
Less unamortized note financing costs	<u>(7,466)</u>
	<u>\$418,235</u>

In accordance with FASB ASU No. 2015-03, notes payable are reported on the statement of financial position net of unamortized note financing costs of \$7,466.

The following is a summary of the maturities of the notes payable:

2020	\$ 49,646
2021	27,362
2022	26,409
2023	27,747
2024	29,152
Thereafter	<u>315,031</u>
	<u>\$475,347</u>

The Organization has in place a signed line of credit that expires in February 2020. Funds available for disbursement total \$200,000. Funds disbursed are due on demand and accrue interest monthly at prime (5.75% as of December 31, 2019) plus 1%. As of December 31, 2019, there were borrowings of \$150,377 under this line. Subsequent to year end, this line was renewed and extended until February 2022.

**ANIMAL COALITION OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS**

For the year ended December 31, 2019

NOTE 8 – RETIREMENT PLAN

The Organization maintains a 401(k) plan. Employee salary contributions can be made either on a pre-tax basis or on an after-tax basis. Employer matching contributions are made at the discretion of the Organization and will be based on the amount of an employee’s salary deferral contributions for the given plan year. For the year ended December 31, 2019, there was a matching contribution of 11,241.

NOTE 9 – INCOME TAXES AND UNCERTAIN TAX POSITIONS

The Organization accounts for uncertain tax positions, if any, in accordance with FASB Accounting Standards Codification 740. In accordance with these professional standards, the Organization recognizes tax positions only to the extent management believes it is “more likely than not” that its tax positions will be sustained upon IRS examination. Management believes it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements for the year ended December 31, 2019.

The Organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization’s financial position, changes in net assets or cash flows. Accordingly, the Organization has not recorded any accruals for interest penalties for uncertain income tax positions at December 31, 2019.

The Organization’s income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2019, the following tax years are subject to examination:

<u>Jurisdiction</u>	<u>Open Years for Filed Returns</u>	<u>Return to be Filed in 2020</u>
Federal	2016 – 2018	2019

NOTE 10 – SUBSEQUENT EVENTS AND ONGOING CONCERNS

In early 2020, an outbreak of the novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been mandates from federal, state and local authorities resulting in an overall decline in economic activity. The ultimate impact of COVID-19 on the financial performance of the Organization is not reasonably estimable at this time.

In April 2020, the Organization was funded with a loan of \$108,000 pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the “Coronavirus Aid Relief and Economic Security Act” (the “CARES Act”), which was enacted on March 27, 2020. The PPP

**ANIMAL COALITION OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS**

For the year ended December 31, 2019

NOTE 10 – SUBSEQUENT EVENTS AND ONGOING CONCERNS (Continued)

loan, which is in the form of a promissory note payable dated April 2020, matures September 2022 and bears interest at a rate of 1.00% per annum. A fixed payment schedule, commencing 12 months from the date the loan was funded, will consist of 17 consecutive, monthly payments of principal and interest. The Organization may apply to the SBA for forgiveness of the note amount equal to the sum of certain costs incurred within a 24-week period beginning on the date of note. The Organization feels it has met this requirement and expects forgiveness in full.

For the time frame of August 12, 2020 through December 4, 2020, the clinic was closed due to the following issues:

- The Drug Enforcement Administration Doctor left unexpectedly in August 2020. This resulted in a closure of the clinic due to the inability to use the controlled drugs necessary for anesthesia in surgeries. The current DEA DVM has received the necessary permit and the clinic has reopened on December 4, 2020. The practicing doctors are working under the DEA DVM's permit with his supervision. The current DEA DVM will become a full-time Doctor beginning January 2021.
- The clinic's well water supply was interrupted in July 2020. An existing well was reactivated and has passed inspection. The Organization received a limited well usage license from the State of Florida Public Health Department in November 2020.
- Errors in the initial filing of the premise permit were corrected, allowing the State of Florida, Department of Business and Professional Regulation, Board of Veterinary Medicine to issue a premise permit for the Ladue Lane Organization on November 23, 2020.

NOTE 11 – DATE OF MANAGEMENT'S REVIEW

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through December 11, 2020 which is the date the financial statements were available to be issued.