

**THE HUMANE SOCIETY OF GREATER  
JUPITER-TEQUESTA, INC.  
D/B/A FURRY FRIENDS ADOPTION,  
CLINIC & RANCH**

**FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2022 AND 2021**

**THE HUMANE SOCIETY OF GREATER JUPITER-TEQUESTA, INC.  
D/B/A FURRY FRIENDS ADOPTION, CLINIC & RANCH  
TABLE OF CONTENTS**

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	<u>Page</u>
Independent Auditors' Report.....	1-2
Statements of Financial Position.....	3-4
Statements of Activities .....	5-6
Statements of Functional expenses .....	7-8
Statements of Cash Flows .....	9
Notes to the Financial Statements.....	10-20

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The Humane Society of Greater Jupiter-Tequesta, Inc.  
d/b/a Furry Friends Adoption, Clinic & Ranch  
Jupiter, Florida

### Opinion

We have audited the accompanying financial statements of The Humane Society of Greater Jupiter-Tequesta, Inc., d/b/a Furry Friends Adoption, Clinic & Ranch (a nonprofit organization) which comprise the statements of financial position as of December 31, 2022 and 2021 and the related statements of activities and cash flows for the years 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 The Humane Society of Greater Jupiter-Tequesta, Inc., d/b/a Furry Friends Adoption, Clinic & Ranch, Inc as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Humane Society of Greater Jupiter-Tequesta, Inc., d/b/a Furry Friends Adoption, Clinic & Ranch, Inc and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 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.

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 The Humane Society of Greater Jupiter-Tequesta, Inc., d/b/a Furry Friends Adoption, Clinic & Ranch, Inc's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's 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, including omissions, 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 The Humane Society of Greater Jupiter-Tequesta, Inc., d/b/a Furry Friends Adoption, Clinic & Ranch , Inc 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 The Humane Society of Greater Jupiter-Tequesta, Inc., d/b/a Furry Friends Adoption, Clinic & Ranch, 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.

***Divine, Blalock, Martin & Sellari, LLC***

**DIVINE, BLALOCK, MARTIN & SELLARI, LLC**  
**West Palm Beach, Florida**  
**September 22 2023**

**THE HUMANE SOCIETY OF GREATER JUPITER-TEQUESTA, INC.  
D/B/A FURRY FRIENDS ADOPTION, CLINIC & RANCH  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021**

<b>ASSETS</b>	<b>2022</b>	<b>2021</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 320,811	\$ 989,607
Investments - Raymond James Equity Funds	1,519,453	1,937,930
Accounts receivable	-	9,379
Estate gift receivable	35,000	-
Pledges receivable	210,000	22,000
Contributed inventory - clinic & adoption	45,474	45,474
Contributed inventory - thrift store contributed goods	54,000	45,000
Contributed inventory - dog food	17,000	56,000
Employee advance	3,266	4,086
<b>Total current assets</b>	<b>2,205,004</b>	<b>3,109,476</b>
<b>Fixed assets</b>		
Property and equipment	10,290,101	10,118,740
Less: accumulated depreciation	(1,651,034)	(1,389,623)
<b>Net property and equipment</b>	<b>8,639,067</b>	<b>8,729,117</b>
<b>Other assets</b>		
Pledges receivable - long term	350,700	-
Donated Artwork - Statues	230,000	-
Right-of-use-asset	571,360	-
Security deposit	13,465	6,865
<b>Total other assets</b>	<b>1,165,525</b>	<b>6,865</b>
<b>Total assets</b>	<b>\$ 12,009,596</b>	<b>\$ 11,845,458</b>

*The accompanying notes are an integral part of these financial statements.*

**THE HUMANE SOCIETY OF GREATER JUPITER-TEQUESTA, INC.  
D/B/A FURRY FRIENDS ADOPTION, CLINIC & RANCH  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021**

<b>LIABILITIES AND NET ASSETS</b>	<b>2022</b>	<b>2021</b>
<b>Current liabilities</b>		
Accounts payable	\$ 140,468	\$ 182,491
Accrued expenses	32,626	3,082
Line of credit	110,000	-
Lease Liability - right-of-use-asset (current portion)	96,000	-
Current portion of long-term debt	133,160	126,353
<b>Total current liabilities</b>	512,254	311,926
<b>Long term liabilities</b>		
Lease Liability - right-of-use-asset (non-current portion)	475,360	-
Note Payable	2,681,522	2,814,412
EIDL loan payable	149,900	149,900
Loan payable	83,511	112,893
<b>Total liabilities</b>	3,902,547	3,389,131
<b>Net assets</b>		
Without donor restrictions	6,721,228	7,797,385
With donor restrictions	1,385,821	658,942
<b>Total net assets</b>	8,107,049	8,456,327
<b>Total liabilities and net assets</b>	\$ 12,009,596	\$ 11,845,458

*The accompanying notes are an integral part of these financial statements.*

**THE HUMANE SOCIETY OF GREATER JUPITER-TEQUESTA, INC.  
D/B/A FURRY FRIENDS ADOPTION, CLINIC & RANCH  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue:</b>			
<b>Support</b>			
Contributions	\$ 894,439	\$ 1,082,328	\$ 1,976,767
Wills and estates	-	-	-
Contribution of nonfinancial assets	494,272	167,759	662,031
Events	1,114,711	-	1,114,711
	<u>2,503,422</u>	<u>1,250,087</u>	<u>3,753,509</u>
<b>Revenue</b>			
Clinic service fees	1,557,550	-	1,557,550
Contributed goods and thrift store sales	657,879	-	657,879
Adoption service fees	167,686	-	167,686
Government Grant - PPP Loan Forgiveness	-	-	-
Interest income	104	-	104
Investment loss	(335,407)	-	(335,407)
Net assets released from restrictions	523,208	(523,208)	-
	<u>2,571,020</u>	<u>(523,208)</u>	<u>2,047,812</u>
<b>Total Revenue and support</b>	5,074,442	726,879	5,801,321
<b>Expenses:</b>			
<b>Program services</b>			
Clinic services	2,204,826	-	2,204,826
Thrift store expenses	402,335	-	402,335
Adoption / ranch services	2,583,298	-	2,583,298
	<u>5,190,459</u>	<u>-</u>	<u>5,190,459</u>
<b>Supporting services</b>			
Fundraising and events	524,443	-	524,443
Management and general	264,220	-	264,220
	<u>788,663</u>	<u>-</u>	<u>788,663</u>
<b>Total Expenses</b>	5,979,122	-	5,979,122
Change in net assets	(904,680)	726,879	(177,801)
Unrealized Loss on Investments	(171,477)	-	(171,477)
	<u>(1,076,157)</u>	<u>-</u>	<u>(349,278)</u>
<b>Net Assets, Beginning of Year</b>	7,797,385	658,942	8,456,327
<b>Net Assets, End of Year</b>	<u>\$ 6,721,228</u>	<u>\$ 1,385,821</u>	<u>\$ 8,107,049</u>

*The accompanying notes are an integral part of these financial statements.*

**THE HUMANE SOCIETY OF GREATER JUPITER-TEQUESTA, INC.  
D/B/A FURRY FRIENDS ADOPTION, CLINIC & RANCH  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue:</b>			
<b>Support</b>			
Contributions	\$ 564,111	\$ 619,825	\$ 1,183,936
Wills and estates	12,088	-	12,088
Contribution of nonfinancial assets	613,567	-	613,567
Events	319,484	-	319,484
	<u>1,509,250</u>	<u>619,825</u>	<u>2,129,075</u>
<b>Revenue</b>			
Clinic service fees	1,443,774	-	1,443,774
Contributed goods and thrift store sales	549,747	-	549,747
Adoption service fees	145,270	-	145,270
Government Grant - PPP Loan Forgiveness	722,980	-	722,980
Interest income	756	-	756
Miscellaneous income	34,535	-	34,535
Net assets released from restrictions	257,413	(257,413)	-
	<u>3,154,475</u>	<u>(257,413)</u>	<u>2,897,062</u>
<b>Total Revenue and support</b>	4,663,725	362,412	5,026,137
<b>Expenses:</b>			
<b>Program services</b>			
Clinic services	2,298,624	-	2,298,624
Thrift store expenses	311,227	-	311,227
Adoption / ranch services	1,792,824	-	1,792,824
	<u>4,402,675</u>	<u>-</u>	<u>4,402,675</u>
<b>Supporting services</b>			
Fundraising and events	482,215	-	482,215
Management and general	162,280	-	162,280
	<u>644,495</u>	<u>-</u>	<u>644,495</u>
<b>Total Expenses</b>	5,047,170	-	5,047,170
Change in net assets	(383,445)	362,412	(21,033)
Unrealized Loss on Investments	(63,404)	-	(63,404)
	<u>(446,849)</u>	<u>362,412</u>	<u>(84,437)</u>
<b>Net Assets, Beginning of Year</b>	8,244,234	296,530	8,540,764
<b>Net Assets, End of Year</b>	<u>\$ 7,797,385</u>	<u>\$ 658,942</u>	<u>\$ 8,456,327</u>

*The accompanying notes are an integral part of these financial statements.*



**THE HUMANE SOCIETY OF GREATER JUPITER-TEQUESTA, INC.**  
**D/B/A FURRY FRIENDS ADOPTION, CLINIC & RANCH**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<i>Program Services</i>						
	Clinic	Thrift Store	Adoption / Ranch	Total Program	Fundraising	Management & General	Total
Animal care supplies & food	\$ 34,070	\$ -	\$ 313,384	\$ 347,454	\$ -	\$ -	\$ 347,454
Advertising & promotion	-	-	371	371	35,188	-	35,559
Auto expense	-	523	17,354	17,877	2,058	2,080	22,015
Bank fees and credit card fees	35,801	12,613	7,358	55,772	11,064	1,340	68,176
Clinic and medical expenses	567,021	-	52,045	619,066	-	-	619,066
Computer & internet	22,345	1,789	17,146	41,280	9,331	17,817	68,428
Contracted services - vets	79,767	-	-	79,767	-	-	79,767
Contracted services - other	10,067	2,633	15,511	28,211	1,099	29,948	59,258
Depreciation expense	261,411	-	-	261,411	-	-	261,411
Delivery & pickup	-	22,847	-	22,847	-	1,242	24,089
Dues and subscriptions	55	641	119	815	1,766	1,817	4,398
Employee benefits	2,002	856	329	3,187	639	7,059	10,885
Equipment lease & maintenance	2,553	78	15,133	17,764	194	7,902	25,860
Fundraising events	-	-	-	-	221,747	-	221,747
Insurance	71,615	7,219	129,440	208,274	7,077	16,575	231,926
Interest	41,434	-	32,512	73,946	3,077	3,018	80,041
License & fees	3,603	-	2,275	5,878	-	1,472	7,350
Meetings & events	-	-	95	95	1,377	1,401	2,873
Miscellaneous	10,364	-	30	10,394	1,435	6,322	18,151
Outside medical services	35,144	-	60,548	95,692	-	-	95,692
Office expense	378	1,355	626	2,359	-	4,844	7,203
Payroll & payroll taxes	916,889	207,674	1,531,700	2,656,263	205,327	61,582	2,923,172
Postage & printing	1,022	91	10	1,123	634	1,407	3,164
Professional development	1,349	-	160	1,509	3,468	21,288	26,265
Professional fees & settlements	10,267	7,667	17,734	35,668	7,067	17,030	59,765
Property tax	11,687	-	9,626	21,313	917	688	22,918
Recruiting	-	-	4,162	4,162	-	33,648	37,810
Rent	503	96,000	60,415	156,918	40	30	156,988
Repairs and maintenance	3,363	7,332	71,097	81,792	287	2,598	84,677
Service dog training	16,765	-	61,737	78,502	-	-	78,502
Storage	3,041	3,320	9,036	15,397	338	1,351	17,086
Supplies	4,340	2,182	47,102	53,624	4,108	15,133	72,865
Telephone	7,299	2,025	7,402	16,726	1,292	3,239	21,257
Travel	-	-	223	223	1,041	418	1,682
Utilities	50,671	25,490	98,618	174,779	3,872	2,971	181,622
	<u>\$ 2,204,826</u>	<u>\$ 402,335</u>	<u>\$ 2,583,298</u>	<u>\$ 5,190,459</u>	<u>\$ 524,443</u>	<u>\$ 264,220</u>	<u>\$ 5,979,122</u>

*The accompanying notes are an integral part of these financial statements.*

**THE HUMANE SOCIETY OF GREATER JUPITER-TEQUESTA, INC.**  
**D/B/A FURRY FRIENDS ADOPTION, CLINIC & RANCH**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<i>Program Services</i>						
	Clinic	Thrift Store	Adoption / Ranch	Total Program	Fundraising	Management & General	Total
Animal care supplies & food	\$ 29,114	\$ -	\$ 82,946	\$ 112,060	\$ -	\$ -	\$ 112,060
Advertising & promotion	-	-	-	-	86,859	-	86,859
Auto expense	-	3,046	23,887	26,933	377	582	27,892
Bank fees and credit card fees	28,171	12,624	6,208	47,003	10,127	1,062	58,192
Clinic and medical expenses	539,159	-	4,416	543,575	-	-	543,575
Computer & internet	26,872	909	20,552	48,333	9,399	14,307	72,039
Contracted services - vets	13,100	-	11,006	24,106	-	-	24,106
Contracted services - other	10,341	3,237	9,768	23,346	1,149	5,392	29,887
Depreciation expense	228,261	-	-	228,261	-	-	228,261
Donations & Benevolence	300,682	-	-	300,682	-	-	300,682
Dues and subscriptions	461	153	449	1,063	918	4,133	6,114
Employee benefits	15,923	-	-	15,923	1,316	364	17,603
Equipment lease & maintenance	4,619	355	8,726	13,700	181	6,612	20,493
Fundraising events	-	-	-	-	145,623	-	145,623
Insurance	58,021	12,657	97,510	168,188	6,394	13,637	188,219
Interest	42,859	-	33,609	76,468	3,201	2,401	82,070
Meetings & events	1,324	-	79	1,403	1,064	-	2,467
Miscellaneous	20,111	-	-	20,111	6,003	10,637	36,751
Outside medical services	4,419	-	39,810	44,229	-	-	44,229
Office expense	680	576	4,143	5,399	-	2,619	8,018
Payroll & payroll taxes	893,144	154,668	1,168,743	2,216,555	183,134	50,763	2,450,452
Postage & printing	376	-	44	420	2,522	1,441	4,383
Professional fees & settlements	8,346	5,668	14,777	28,791	14,906	6,285	49,982
Property tax	1,422	-	1,172	2,594	112	84	2,790
Recruiting	-	-	-	-	-	21,833	21,833
Rent	503	96,000	415	96,918	40	30	96,988
Repairs and maintenance	8,294	1,375	30,662	40,331	877	1,542	42,750
Service dog training	-	-	83,737	83,737	-	-	83,737
Storage	5,254	1,459	6,062	12,775	584	2,335	15,694
Supplies	9,657	1,249	42,019	52,925	3,509	9,124	65,558
Telephone	6,014	1,670	6,197	13,881	668	2,793	17,342
Travel	30	-	64	94	-	1,490	1,584
Utilities	41,467	15,581	95,823	152,871	3,252	2,814	158,937
	<u>\$ 2,298,624</u>	<u>\$ 311,227</u>	<u>\$ 1,792,824</u>	<u>\$ 4,402,675</u>	<u>\$ 482,215</u>	<u>\$ 162,280</u>	<u>\$ 5,047,170</u>

*The accompanying notes are an integral part of these financial statements.*

**THE HUMANE SOCIETY OF GREATER JUPITER-TEQUESTA, INC.**  
**D/B/A FURRY FRIENDS ADOPTION, CLINIC & RANCH**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>		
(Decrease) in net assets	\$ (349,278)	\$ (84,437)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	261,411	228,261
Changes in operating non-cash assets & liabilities:		
Accounts receivable	9,379	-
Estate gift receivable	(35,000)	3,000,033
PPP Loan forgiveness	-	(722,980)
Pledges receivable	(538,700)	32,000
Inventory	30,000	(76,474)
Employee advances	820	(835)
Donated Artwork - Statues	(230,000)	-
Other assets	(6,600)	(150)
Accounts payable	(42,023)	14,981
Accrued expenses	29,544	784
<b>Net cash (used) in / provided by operating activities</b>	<u>(870,447)</u>	<u>2,391,183</u>
<b>Cash flows from investing activities:</b>		
Acquisition of property and equipment	(171,361)	(537,422)
<b>Net cash (used) in investing activities</b>	<u>(171,361)</u>	<u>(537,422)</u>
<b>Cash flows from financing activities:</b>		
(Repayment)/Proceeds from long-term debt	(122,413)	(122,996)
Proceeds from PPP loan	-	385,480
Repayment of EIDL loan	(3,670)	-
Proceeds from line of credit	110,000	-
Repayment to long-term debt	(29,382)	(31,902)
<b>Net cash (used) in / provided by financing activities</b>	<u>(45,465)</u>	<u>230,582</u>
(Decrease) Increase in cash and cash equivalents	(1,087,273)	2,084,343
Cash and cash equivalents, beginning of year	2,927,537	843,194
Cash and cash equivalents, end of year	<u>\$ 1,840,264</u>	<u>\$ 2,927,537</u>
Supplemental disclosures:		
Cash summary		
Cash and cash equivalents	\$ 320,811	\$ 989,607
Investments - Raymond James Equity Fund	1,519,453	1,937,930
	<u>\$ 1,840,264</u>	<u>\$ 2,927,537</u>

*The accompanying notes are an integral part of these financial statements.*

**THE HUMANE SOCIETY OF GREATER JUPITER-TEQUESTA, INC.**  
**D/B/A FURRY FRIENDS ADOPTION, CLINIC & RANCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

**Nature of activities**

The Humane Society of Greater Jupiter-Tequesta, Inc. d/b/a Furry Friends Adoption, Clinic & Ranch (the Organization) is an independent not-for-profit Organization that provides complete care for abused and abandoned animals, from rescue to medical care, rehabilitation, and placement in a forever home across Martin and Palm Beach Counties.

**Basis of accounting**

The Organization's financial statements are prepared on the accrual basis of accounting and in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*.

**Basis of presentation**

The Organization records unconditional promises to give (pledges) as contributions at fair value at the date the promises are received or made and distinguishes between promises received for each net asset category in accordance with donor restrictions, if any.

Net assets and revenue, expenses, gains and losses are classified as net assets with donor restrictions and net assets without donor restrictions based on the existence or absence, respectively, of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as follows:

**Net assets without donor restrictions** – Net assets that are not subject to donor-imposed stipulations and may be used for any purpose designated by the Organization's Board of Directors.

**Net assets with donor restrictions** – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization or the passage of time and net assets subject to donor-imposed stipulations to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the earnings on related investments for general or specific purposes.

**Cash and cash equivalents**

Cash and cash equivalents consist of non-interest-bearing demand deposit accounts and interest-bearing money market accounts. Cash equivalents are short term investments with a maturity date of three months or less from the date of purchase.

**Certificate of deposit**

Certificates of deposit are federally insured and carried at amortized cost, as the Organization has both the intent and ability to hold them until maturity. The bank issued certificate of deposit is insured by the FDIC up to \$250,000. At maturity, the Organization will receive the principal plus a supplemental payment or minimum interest, if any, that is based on the performance of an underlying index or market measure.

**THE HUMANE SOCIETY OF GREATER JUPITER-TEQUESTA, INC.**  
**D/B/A FURRY FRIENDS ADOPTION, CLINIC & RANCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

---

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Restricted cash**

Restricted Cash Restricted cash is maintained in separate bank accounts, in accordance with donor stipulations. These funds have been restricted by donors for future building expenses.

**Concentrations of credit risk**

The concentration of credit risk associated with cash and cash equivalents is considered low due to the credit quality of the financial institutions and the immediate availability of these financial instruments.

**Investments**

Investments are presented in the financial statements at fair value, using quoted market prices for publicly traded securities and other relevant information generated by market transactions. Investments consist of funds invested in securities and mutual funds. The securities and mutual funds are held by a brokerage firm for the benefit of The Organization, but are not insured or collateralized. Investment transactions are recorded on a trade date basis. Investment income is recorded on the accrual basis and dividend income is recorded on the ex-dividend date. Investment earnings and realized and unrealized gains and losses are included in the Statement of Activities. Investment expenses are netted against investment income.

**Promises to Give**

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. 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 contributions are recognized. All other donor-restricted contributions are reported as increases 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.

**Estate gift receivable**

Estate gifts that are due and not received as of the financial statement date are accrued as unconditional promises to give when probate court has declared the will valid. As of December 31, 2022 and 2021, the Organization had estate gift receivables of \$35,000 and \$0, respectively.

**Inventory – Thrift Store Contributed Goods**

Contributed goods inventory consists of donor contributed goods, which are valued according to an estimate of fair value at the time of the donation. This estimate considers that fair value is that portion of retail value which exceeds Furry Friends cost of processing the merchandise for sale. Furry friends follows the practice of measuring contributed goods inventory based on an accepted model of excess value over costs of processing. Contributed goods received during the year are reported in the Statement of Activities in contributed goods and thrift store sales.

**Inventory – Clinic & Adoption**

Inventory consists of medical supplies, prescriptions, dog food and general clinic/adoption supplies.

**THE HUMANE SOCIETY OF GREATER JUPITER-TEQUESTA, INC.**  
**D/B/A FURRY FRIENDS ADOPTION, CLINIC & RANCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

---

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Land, Building and Equipment**

Land, Building and equipment are recorded at cost or fair market value at the date of the gift in the case of donated property and equipment. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property and equipment, the appropriate property and equipment accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

Depreciation of property and equipment is recorded using straight-line method over estimated useful lives of the related assets, which range as follows:

Building and improvements	39 years
Furniture & Equipment	7 years
Vehicles	5 years

**Impairment of Long-Lived Assets**

The Organization reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. For assets held and used, if the undiscounted cash flows estimated to be generated by those assets are less than their carrying amounts, an impairment loss has occurred. The amount of the impairment loss is equal to the asset's carrying value over its estimated fair value. No impairment loss has been recognized by the Organization for the years ended December 31, 2022 and 2021.

**Compensated Absences**

Employees of the Organization are entitled to paid vacations, paid sick days, and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

**Revenue recognition**

The Organization recognizes contributions when received or when a donor or grantor makes an unconditional promise to give. Donor pledges are considered an intent to give rather than an unconditional promise to give. Accordingly, pledges are not recognized as support at the time of the pledge. Donations that contain donor stipulations that limit the use of an asset for specific purposes or designates the support for future periods, are reported as an increase in net assets with donor restrictions and net assets without donor restrictions depending upon the nature of the restriction. When a donor restriction expires, that is, when a stipulation time restriction ends or a purpose restriction is accomplished; net assets with donor restrictions are reclassified and reported in the statements of activities as net assets released from restrictions. Donor contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

**THE HUMANE SOCIETY OF GREATER JUPITER-TEQUESTA, INC.  
D/B/A FURRY FRIENDS ADOPTION, CLINIC & RANCH  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue recognition, continued**

Contributions of long-lived assets (e.g., property and equipment) or contributions that the donor requires to be used to acquire long-lived assets are reported as net assets with donor restrictions. Furry Friends reflects the expiration of the donor-imposed restriction when long-lived assets have been placed in service, at which time 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.

**Program Services**

*Clinic* - Animal clinic that offers affordable high-quality healthcare for pets performed by skilled professionals with a passion for giving all animals a happy and healthy life.

*Thrift store* – The store has a variety of donated items for sale, and every dollar contributes to housing and caring for countless rescued animals.

*Adoption* – Animal adoption center where rescued animals are cared for, spayed or neutered, and hopefully placed in permanent homes.

**Contribution of Nonfinancial Assets**

Contributed goods and store sales consists of the sale of donor contributed goods. Support is recognized upon sale, as an allocation of the overall retail price received. Contributed materials and services are reflected upon receipt and are recorded at cost or estimated cost, where practicable, as expenses for program services. The contributions of services are recognized if the services received create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Furthermore, the receipt of donated equipment & food/supplies or the purchase of equipment and food/supplies at a price significantly below its current value is also recorded as nonfinancial assets support.

Contributions of nonfinancial assets (in-kind contributions) for the years ended December 31, 2022 and 2021 consisted of:

	<u>2022</u>	<u>2021</u>
Artwork - Statues	\$ 230,000	\$ -
Pet Food & Supplies	204,272	384,682
Ranch - Property	136,478	-
Equipment Rental	60,000	8,100
Vehicles & Trailers	31,281	217,625
Services & Other	-	3,160
	<u>\$ 662,031</u>	<u>\$ 613,567</u>

**THE HUMANE SOCIETY OF GREATER JUPITER-TEQUESTA, INC.**  
**D/B/A FURRY FRIENDS ADOPTION, CLINIC & RANCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

---

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of financial statements in conformity with FASB ASC 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.

**Advertising**

The Organization's advertising, marketing and promotion is expensed as incurred. Such costs totaled \$35,559 and \$86,859 during the years ended December 31, 2022 and 2021, respectively.

**Functional classification of expenses**

In the accompanying statements of activities, expenses have been reported by their functional classification, a method of grouping expenses according to the purpose for which they were incurred. The primary functional classifications are program services and supporting activities. Program services are the activities that result in services being provided to members that fulfill the purposes or mission for which the Organization exists. Supporting activities are all activities of the Organization's other than program services and are included in the financial statements as management and general expenses and fundraising expenses.

Expenses are recorded in the period in which the obligation is incurred. Expenses are charges directly to program services or support activities based on specific identification, when possible. Indirect expenses are allocated among the programs and support categories based on the level of benefit received as measured by personnel time and facility usage associated with the activity or function.

**Income taxes**

The Organization is a tax-exempt, not-for-profit corporation under Internal Revenue Code (IRC) Section 501(c) (3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Internal Revenue Service notified Furry Friends by letter dated February 23, 2015, that its governing documents and plan of operations were designed in accordance with section 501(c)(3) of the Internal Revenue Code (the Code)

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if Furry Friends has taken an uncertain position that more than likely would not be substantiated upon examination by the tax authorities. Management monitors the on-going financial and functional activities undertaken by the Organization for compliance with its exempt status requirements and has concluded that for the tax reporting period ended December 31, 2022, there were no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is no longer subject to income tax examinations for years prior to 2018.



**THE HUMANE SOCIETY OF GREATER JUPITER-TEQUESTA, INC.**  
**D/B/A FURRY FRIENDS ADOPTION, CLINIC & RANCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

---

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Recently Issued and Adopted Accounting Pronouncements**

- Effective January 1, 2022, The Organization adopted FASB ASC 842, *Leases*. The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

The adoption of FASB ASC 842 resulted in the recognition of right-of-use-assets and operating lease liabilities of \$571,360 as of December 31, 2022, which are measured by discounting lease payments using our incremental borrowing rate as the discount rate. We determine the incremental borrowing rate applicable to each lease by reference to our outstanding secured borrowings and implied spreads over the risk-free discount rates that correspond to the term of each lease, as adjusted for the currency of the lease. Subsequent amortization of the ROU asset and accretion of the lease liability for an operating lease is recognized as a single lease cost, on a straight-line basis, over the lease term. Variable lease cost are recognized in the period when changes in facts and circumstances on which the variable lease payments are based occur.

- *ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)* - requires not-for-profit entities to present nonfinancial assets as a separate line item in the statement of activities from contributions of cash and other financial assets. The ASU also requires disclosures including the use of the contributed nonfinancial assets, the policy of monetizing or utilizing contributed nonfinancial assets, description of donor-imposed restrictions associated with contributed nonfinancial assets, and the valuation techniques and inputs used to measure the contributed nonfinancial assets at fair value. The Organization adopted ASU 20-07 for the year ended December 31, 2022.

**THE HUMANE SOCIETY OF GREATER JUPITER-TEQUESTA, INC.**  
**D/B/A FURRY FRIENDS ADOPTION, CLINIC & RANCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

---

**NOTE 2 - LIQUIDITY**

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general expenditures within one year of the statement of financial position date.

	<b>2022</b>	<b>2021</b>
Financial assets:		
Cash and cash equivalents	\$ 320,811	\$ 989,607
Investments - Raymond James Equity Funds	1,519,453	1,937,930
Accounts, Estate and Pledges receivables	595,700	31,379
Total Financial assets, at the year end	2,435,964	2,958,916
Less those unavailable for general expenditures within one year due to:		
Donor restricted	1,385,821	658,942
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,050,143	\$ 2,299,974

**NOTE 3 – FAIR VALUE MEASUREMENTS**

The Organization uses a three-tier hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by generally accepted accounting principles, requires that entities maximize the use of observable market inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1: Quoted prices for similar assets or liabilities in active markets to which the organization has access at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- Quoted prices for similar assets and liabilities in active markets;
- Quoted process for identical or similar assets in markets that are not active;
- Observable inputs other than quoted prices for assets or liability (for example, interest rates and yield curves); and
- Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure fair value to the extent that observable inputs are not available. The primary use of fair value measurements in the Organization's financial statements are the measurement of in-kind contributions and the recurring measurement of the Organization's interest in investments held at Raymond James.

**THE HUMANE SOCIETY OF GREATER JUPITER-TEQUESTA, INC.**  
**D/B/A FURRY FRIENDS ADOPTION, CLINIC & RANCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

---

**NOTE 4 – PLEDGES RECEIVABLE**

Pledges are recorded as receivables and support when received or promised. These pledges are considered unconditional promises to give which is a promise to give that depends only on the passage of time or demand by the promise for performance. Pledges receivable as of December 31, 2022 and 2021 were \$560,700 and \$22,000, respectively.

**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Land	\$ 1,997,141	\$ 1,997,141
Building	5,512,772	5,542,772
Improvements	2,107,301	1,905,940
Equipment, Furniture & Fixtures	591,555	591,555
Vehicles	81,332	81,332
	10,290,101	10,118,740
Less: accumulated depreciation	(1,651,034)	(1,389,623)
Property and equipment, net	\$ 8,639,067	\$ 8,729,117

**NOTE 6 – LINE OF CREDIT**

The Organization has available a secured line of credit for \$865,000 with a Florida chartered bank. This line of credit is secured by the Organization’s investment assets, and bears interest at a variable rate set by the lender. The line is due on demand and requires monthly interest payments. As of December 31, 2022 and 2021, the balance outstanding on the line was \$110,000 and \$0, respectively. The line of credit is subject to certain financial covenants.

**NOTE 7 – LONG TERM DEBT**

The Organization obtained a construction line of credit with PNC Bank in the amount of \$3,200,000 during October 2018. The credit line bears interest at prime and accrues on the outstanding unpaid principal balance. Interest only payments are due and payable on the same day each month, commencing November 26, 2018 until the conversion date (September 26, 2020). During 2020 the outstanding balance of \$3,073,712 was termed out on a 20-year amortization schedule. Payments of principal together with interest (2.632% nominal annual rate) will be due and payable in consecutive monthly installments until maturity which is the tenth anniversary of the conversion date (September 26, 2029), when the remaining balance will be due. At December 31, 2022 and 2021 the outstanding balances were \$2,814,682 and \$2,940,765, respectively.

**THE HUMANE SOCIETY OF GREATER JUPITER-TEQUESTA, INC.**  
**D/B/A FURRY FRIENDS ADOPTION, CLINIC & RANCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

---

**NOTE 7 – LONG TERM DEBT, continued**

On May 18, 2020, the Organization received a loan of \$337,500 from a financial institution under the Paycheck Protection Program (“PPP”) administered by the Small Business Administration (“SBA”) pursuant to the Coronavirus Air, Relief and Economic Security Act (“Cares Act”). The note payable has an interest rate of 1% with monthly principal and interest payments in November 2020 and maturing on May 18, 2022. Under the PPP, the borrower may qualify for partial or full loan forgiveness. On June 10, 2020 the AICPA issued guidance TQA 3200.18, *Borrower Accounting for a Forgivable Loan Received Under the Small Business Administration Paycheck Protection Program*. On March 24, 2021, the Organization received notification from the SBA that the Organization’s forgiveness application had been approved for the full amount of the loan.

On February 13, 2021, the Organization received a second loan of \$385,480 from a financial under the Paycheck Protection Program (“PPP”) administered by the Small Business Administration (“SBA”) pursuant to the Coronavirus Air, Relief and Economic Security Act (“Cares Act”). The note payable has an interest rate of 1% with monthly principal and interest payments in August 2021 and maturing on February 13, 2023. On November 3, 2021, the Organization received notification from the SBA that the Organization’s forgiveness application had been approved for the full amount of the loan.

For the year ended December 31, 2021 the Organization recognized the sum of \$722,980 as revenue on the statement of income related to the PPP loans.

Also, in May 2020 the Organization received an Economic Injury Disaster Loan through the SBA pursuant to the Coronavirus Air, Relief and Economic Security Act (“Cares Act”) of \$150,000. The note payable has interest of 2.75%, which will accrue from the date received. Payments will be made in 360 monthly principal and interest payments in the amount of \$641 beginning 24 months form the date of the note. Effective March 31, 2022, the SBA has extended the payment deferral to 30 months from the date of the note for existing COVID-19 EIDL borrowers. (November 15, 2022 for Humane Society of Jupiter/Tequesta, Inc)

The Organization has received loans over the years from a donor for cash flow purposes. The donor owns a farm with several animals, many of which were adopted from Furry Friends. Any veterinary services or treatment for these animals is performed by the clinic and reduces the loan balance and any additional donations increase the balance. The loan is due on demand and has no repayment terms. The balance as of December 31, 2022 and 2021 was \$83,511 and \$112,893, respectively.

**THE HUMANE SOCIETY OF GREATER JUPITER-TEQUESTA, INC.  
D/B/A FURRY FRIENDS ADOPTION, CLINIC & RANCH  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 7 – LONG TERM DEBT, continued**

Long Term Debt consisted of the following at December 31:

	<b>2022</b>	<b>2021</b>
Note Payable - PNC Bank	\$ 2,814,682	\$ 2,940,765
Economic Injury Disaster Loan	149,900	149,900
	2,964,582	3,090,665
Less: Current portion	133,160	126,353
Long-term debt	\$ 2,831,422	\$ 2,964,312

The maturity of the long-term debt payable for the five years following December thereafter is as follows:

2023	\$ 133,160
2024	136,562
2025	140,452
2026	144,250
2027	148,150
Thereafter	2,262,008
	\$ 2,964,582

**NOTE 8 – LEASE COMMITMENTS**

The Organization operated its thrift store from a facility that is under a 3-year operating lease, commencing November 1, 2020 and concluding October 31, 2023. Under the terms of the lease, the monthly rental payments are \$8,000. This lease was extended for another 3 years through October 31, 2026 with an option to extend for another 3 years through October 31, 2029. For the year ended December 31, 2022 and 2021, facility lease expense totaled \$96,000. Future minimum annual lease payments for the thrift store for the remaining terms of the lease in effect at December 31, 2022 are as follows:

Year Ending December 31,		
2023	\$	96,000
2024		91,392
2025		87,072
2026		82,944
2027		79,008
2027 and Thereafter		134,944
	\$	571,360

**THE HUMANE SOCIETY OF GREATER JUPITER-TEQUESTA, INC.**  
**D/B/A FURRY FRIENDS ADOPTION, CLINIC & RANCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS**

As of December 31, 2022, the Organization had \$1,385,821 of net assets with donor restrictions, which consisted of the following:

	December 31, 2021	Contributions	Released	2022
Building Fund	\$ 142,086	\$ 121,675	\$ (237,458)	\$ 26,303
Shelter to Service	203,298	189,640	(75,285)	317,653
Ranch Training Center	-	182,759	(182,759)	-
Low Income Vet Bill	139,663	70,000	(16,765)	192,898
Mobile Vet Unit	97,598	114,107	(10,802)	200,903
Special Needs People Fund	75,797	541,856	(139)	617,514
Training & Behavior	-	30,050	-	30,050
Second Chance Fund	500	-	-	500
	<u>\$ 658,942</u>	<u>\$ 1,250,087</u>	<u>\$ (523,208)</u>	<u>\$ 1,385,821</u>

As of December 31, 2021, the Organization had \$658,942 of net assets with donor restrictions, which consisted of the following:

	December 31, 2020	Contributions	Released	December 31, 2021
Building Fund	\$ -	\$ 258,065	\$ (115,979)	\$ 142,086
Shelter to Service	99,371	154,963	(51,036)	203,298
Ranch Training Center	34,211	47,500	(81,711)	-
Retired K9 Unit	1,127	-	(1,127)	-
Low Income Vet Bill	58,242	82,500	(1,079)	139,663
Mobile Vet Unit	103,579	500	(6,481)	97,598
Special Needs People Fund	-	75,797	-	75,797
Second Chance Fund	-	500	-	500
	<u>\$ 296,530</u>	<u>\$ 619,825</u>	<u>\$ (257,413)</u>	<u>\$ 658,942</u>

**NOTE 10 – SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through September 22, 2023, the date which the financial statements were available to be issued and nothing has occurred that would require disclosure.