



**HUMANE SOCIETY OF TAMPA BAY, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 AND 2021**

**HUMANE SOCIETY OF TAMPA BAY, INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors  
Humane Society of Tampa Bay, Inc.  
Tampa, Florida

### ***Opinion***

We have audited the accompanying financial statements of the Humane Society of Tampa Bay, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, 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 Tampa Bay, Inc. as of December 31, 2022 and 2021, and the changes in its net assets 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 Tampa Bay, 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 Tampa Bay, 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 Tampa Bay, 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 the Humane Society of Tampa Bay, 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.

*Reeder & Associates, PA*

Certified Public Accountants

March 30, 2023

**HUMANE SOCIETY OF TAMPA BAY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2022 AND 2021**

<b>ASSETS</b>	<u>2022</u>	<u>2021</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 799,706	\$ 1,633,635
Investments	6,200,307	5,573,364
Pledges receivable, net of allowance	2,999	56,019
Accounts receivable, net of allowance	106,854	122,159
Inventory	232,583	206,402
Prepaid expenses	125,867	137,031
	<u>7,468,316</u>	<u>7,728,610</u>
<b>Total Current Assets</b>		
Long-term pledges receivable, net of allowance	-	5,526
Beneficial interest in Community Foundation	137,076	162,110
Right-of-use asset, operating leases	165,485	-
Investment in commercial property	42,500	42,500
Property and equipment, net	19,247,064	19,525,502
Deposits	25,052	24,748
	<u>19,617,177</u>	<u>19,760,386</u>
<b>Total Noncurrent Assets</b>		
	<u>\$ 27,085,493</u>	<u>\$ 27,488,996</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 946,060	\$ 891,743
Operating lease liability, current portion	72,360	-
Deferred revenue	131,068	149,623
	<u>1,149,488</u>	<u>1,041,366</u>
<b>Total Current Liabilities</b>		
Operating lease liability, long-term portion	93,125	-
	<u>1,242,613</u>	<u>1,041,366</u>
<b>Total Liabilities</b>		
<b>Net assets</b>		
Without donor restrictions:		
Board designated for endowment	6,200,307	5,573,364
Invested in property and equipment	19,247,064	19,525,502
Undesignated	122,558	1,039,383
	<u>25,569,929</u>	<u>26,138,249</u>
<b>Total Net Assets Without Donor Restrictions</b>		
With donor restrictions:		
Purpose restrictions - investment	137,076	162,110
Purpose restrictions - programs	135,875	147,271
	<u>272,951</u>	<u>309,381</u>
<b>Total Net Assets With Donor Restrictions</b>		
<b>Total Net Assets</b>	<u>25,842,880</u>	<u>26,447,630</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 27,085,493</u>	<u>\$ 27,488,996</u>

Read Report of Independent Certified Public Accountants.  
The accompanying notes are an integral part  
of these financial statements.

**HUMANE SOCIETY OF TAMPA BAY, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>Changes in Net Assets Without Donor Restrictions</b>		
<b>REVENUES AND SUPPORT</b>		
Contributions	\$ 5,487,377	\$ 6,363,354
Grants	141,088	214,477
In-kind contributions	322,266	103,156
Program services fees, net of discounts	4,990,892	5,108,652
Other income	150,221	105,486
	<u>11,091,844</u>	<u>11,895,125</u>
Product sales	2,291,639	2,531,017
Less cost of goods sold	(1,343,090)	(1,444,783)
	<u>948,549</u>	<u>1,086,234</u>
Special events	1,824,061	1,514,646
Less direct costs of special events	(578,384)	(433,644)
	<u>1,245,677</u>	<u>1,081,002</u>
Net assets released from restrictions	143,098	107,286
<b>Total Revenues Without Donor Restrictions</b>	<u>13,429,168</u>	<u>14,169,647</u>
<b>EXPENSES</b>		
<i>Program Services:</i>		
Shelter/ Adoption Center	5,706,856	5,178,221
Community Outreach	1,084,084	814,721
Animal Hospital	4,533,559	4,522,722
	<u>11,324,499</u>	<u>10,515,664</u>
<i>Support Services:</i>		
Management and general	636,508	597,455
Fundraising and development	1,001,491	780,678
	<u>1,637,999</u>	<u>1,378,133</u>
<b>Total Expenses</b>	<u>12,962,498</u>	<u>11,893,797</u>
<b>Change in Net Assets Without Donor Restrictions Before Other Changes</b>	466,670	2,275,850
<b>Other Changes</b>		
Investment return	(1,034,990)	515,925
Gain (loss) on disposal of property and equipment	-	4,500
	<u>(568,320)</u>	<u>2,796,275</u>
<b>Change in Net Assets Without Donor Restrictions</b>	(568,320)	2,796,275
<b>Changes in Net Assets With Donor Restrictions</b>		
Contributions	124,480	139,057
Investment return	(17,812)	22,179
Net assets released from restrictions	(143,098)	(107,286)
	<u>(36,430)</u>	<u>53,950</u>
<b>CHANGE IN NET ASSETS</b>	<u>(604,750)</u>	<u>2,850,225</u>
<b>NET ASSETS, beginning of year</b>	<u>26,447,630</u>	<u>23,597,405</u>
<b>NET ASSETS, end of year</b>	<u>\$ 25,842,880</u>	<u>\$ 26,447,630</u>

Read Report of Independent Certified Public Accountants.  
The accompanying notes are an integral part  
of these financial statements.

**HUMANE SOCIETY OF TAMPA BAY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program Services			Total Program Services	Support Services		Total Support Services	Total Expenses
	Shelter/ Adoption Center	Community Outreach	Animal Hospital		Management and General	Fundraising/ Development		
Salaries	\$ 2,330,431	\$ 359,945	\$ 2,163,000	\$ 4,853,376	\$ 372,366	\$ 259,834	\$ 632,200	\$ 5,485,576
Payroll taxes	174,888	27,061	159,283	361,232	28,197	18,961	47,158	408,390
Employee benefits	288,057	27,343	272,467	587,867	39,077	24,044	63,121	650,988
<b>Total salaries and related expenses</b>	<b>2,793,376</b>	<b>414,349</b>	<b>2,594,750</b>	<b>5,802,475</b>	<b>439,640</b>	<b>302,839</b>	<b>742,479</b>	<b>6,544,954</b>
Professional fees	73,810	12,219	821,043	907,072	9,707	4,942	14,649	921,721
Contract services	65,666	18,711	1,053	85,430	62,312	14,270	76,582	162,012
Printing and publications	53,817	21,886	32,878	108,581	3,442	33,436	36,878	145,459
Dues and subscriptions	1,969	4,267	7,060	13,296	7,564	7,012	14,576	27,872
Advertising	373	-	548	921	-	1,596	1,596	2,517
Direct Mail/newsletter	12,543	25,314	8,507	46,364	-	384,655	384,655	431,019
Occupancy	176,816	18,133	78,075	273,024	18,519	18,133	36,652	309,676
Repairs and maintenance	172,163	16,624	71,004	259,791	12,160	12,535	24,695	284,486
Program supplies	1,299,248	257,445	445,487	2,002,180	-	118	118	2,002,298
In-kind goods and services	126,956	189,283	-	316,239	-	6,027	6,027	322,266
Office expense	286,334	29,520	141,902	457,756	30,009	58,844	88,853	546,609
Travel, training and meetings	25,261	2,886	5,784	33,931	3,672	4,170	7,842	41,773
Recognition	28,883	14,172	18,885	61,940	5,390	2,264	7,654	69,594
Insurance	86,112	18,967	26,611	131,690	6,796	21,569	28,365	160,055
Bank service charges	44,688	-	84,934	129,622	13,345	88,401	101,746	231,368
Bad Debt	145	-	6,146	6,291	-	-	-	6,291
<b>Total expenses before depreciation</b>	<b>5,248,160</b>	<b>1,043,776</b>	<b>4,344,667</b>	<b>10,636,603</b>	<b>612,556</b>	<b>960,811</b>	<b>1,573,367</b>	<b>12,209,970</b>
Depreciation	458,696	40,308	188,892	687,896	23,952	40,680	64,632	752,528
<b>Total expenses</b>	<b>\$ 5,706,856</b>	<b>\$ 1,084,084</b>	<b>\$ 4,533,559</b>	<b>\$ 11,324,499</b>	<b>\$ 636,508</b>	<b>\$ 1,001,491</b>	<b>\$ 1,637,999</b>	<b>\$ 12,962,498</b>

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**HUMANE SOCIETY OF TAMPA BAY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Program Services</u>			<u>Total</u>	<u>Support Services</u>		<u>Total Support Services</u>	<u>Total Expenses</u>
	<u>Shelter/ Adoption Center</u>	<u>Community Outreach</u>	<u>Animal Hospital</u>		<u>Management and General</u>	<u>Fundraising/ Development</u>		
Salaries	\$ 2,061,988	\$ 356,962	\$ 2,125,012	\$ 4,543,962	\$ 366,754	\$ 246,428	\$ 613,182	\$ 5,157,144
Payroll taxes	156,306	26,114	158,407	340,827	27,742	17,916	45,658	386,485
Employee benefits	209,943	18,737	276,494	505,174	30,739	19,641	50,380	555,554
<b>Total salaries and related expenses</b>	<b>2,428,237</b>	<b>401,813</b>	<b>2,559,913</b>	<b>5,389,963</b>	<b>425,235</b>	<b>283,985</b>	<b>709,220</b>	<b>6,099,183</b>
Professional fees	96,892	16,468	974,873	1,088,233	29,207	6,515	35,722	1,123,955
Contract services	55,743	7,864	2,615	66,222	25,075	917	25,992	92,214
Printing and publications	63,261	17,370	36,879	117,510	4,017	28,738	32,755	150,265
Dues and subscriptions	2,220	5,011	4,616	11,847	8,305	6,094	14,399	26,246
Advertising	259	-	621	880	75	4,263	4,338	5,218
Direct Mail/newsletter	9,634	19,620	5,608	34,862	-	234,143	234,143	269,005
Occupancy	182,247	18,702	73,285	274,234	18,108	18,702	36,810	311,044
Repairs and maintenance	149,088	12,009	79,519	240,616	6,579	6,826	13,405	254,021
Program supplies	1,325,829	204,153	360,223	1,890,205	-	-	-	1,890,205
In-kind goods and services	70,417	32,739	-	103,156	-	-	-	103,156
Office expense	251,507	21,127	127,429	400,063	25,034	49,968	75,002	475,065
Travel, training and meetings	20,699	1,960	10,083	32,742	4,005	6,475	10,480	43,222
Recognition	16,769	4,733	10,471	31,973	8,810	1,207	10,017	41,990
Insurance	72,093	15,652	22,656	110,401	6,220	18,950	25,170	135,571
Bank service charges	40,079	4	83,585	123,668	12,255	77,547	89,802	213,470
Bad Debt	234	-	1,218	1,452	-	-	-	1,452
<b>Total expenses before depreciation and interest</b>	<b>4,785,208</b>	<b>779,225</b>	<b>4,353,594</b>	<b>9,918,027</b>	<b>572,925</b>	<b>744,330</b>	<b>1,317,255</b>	<b>11,235,282</b>
Interest	-	-	-	-	211	-	211	211
Depreciation	393,013	35,496	169,128	597,637	24,319	36,348	60,667	658,304
<b>Total expenses</b>	<b>\$ 5,178,221</b>	<b>\$ 814,721</b>	<b>\$ 4,522,722</b>	<b>\$ 10,515,664</b>	<b>\$ 597,455</b>	<b>\$ 780,678</b>	<b>\$ 1,378,133</b>	<b>\$ 11,893,797</b>

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**HUMANE SOCIETY OF TAMPA BAY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ (604,750)	\$ 2,850,225
<i>Adjustments to reconcile change in net assets to net cash provided (used) by operational activities:</i>		
Depreciation	752,528	658,304
Bad debt expense	6,291	1,452
(Gain) loss on disposal of property and equipment	-	(4,500)
Unrealized (gain) loss on investments	1,000,638	(363,530)
Unrealized (gain) loss on beneficial interest in Community Foundation	19,226	(20,357)
(Increase) decrease in pledges receivable	58,546	101,054
(Increase) decrease in accounts receivable	9,014	(62,807)
(Increase) decrease in inventory	(26,181)	19,401
(Increase) decrease in prepaid expenses	11,164	(45,053)
(Increase) decrease in deposits	(304)	498
Increase (decrease) in accounts payable and accrued expenses	54,317	(646,915)
Increase (decrease) in deferred revenue	(18,555)	(37,651)
Total adjustments	1,866,684	(400,104)
<b>Net cash provided (used) by operating activities</b>	<b>1,261,934</b>	<b>2,450,121</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash payments for the purchase of property and equipment	(474,090)	(563,389)
Proceeds from sale of property and equipment	-	4,500
Purchases of investments	(2,240,148)	(2,506,651)
Proceeds from sale of investments	612,567	520,000
Purchases of beneficial interest in Community Foundation	(1,414)	(1,822)
Sales of beneficial interest in Community Foundation	7,222	6,736
<b>Net cash provided (used) by investing activities</b>	<b>(2,095,863)</b>	<b>(2,540,626)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(833,929)</b>	<b>(90,505)</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>1,633,635</b>	<b>1,724,140</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 799,706</b>	<b>\$ 1,633,635</b>
<b>Disclosure of non-cash investing activities:</b>		
Retirement of fully depreciated property and equipment	\$ -	\$ (3,000)
Cash paid for interest	\$ -	\$ 211
Non-cash lease liability from obtaining right-of-use asset	\$ 165,485	\$ -

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

**HUMANE SOCIETY OF TAMPA BAY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE A - DESCRIPTION OF ORGANIZATION**

The Humane Society of Tampa Bay, Inc. (the Organization) is a not-for-profit corporation organized in 1912, dedicated to ending animal homelessness and providing care and comfort for companion animals in need. In that regard, the Organization operates a Shelter/Adoption Center, an Animal Hospital and various outreach and assistance programs in Tampa, Florida that are funded primarily by contributions from the public.

**Shelter/Adoption Center** services include sheltering strays and previously owned animals, preventive medical care, treatment of illness and injury, pet microchipping, spaying, and neutering of all animals prior to adoption by pet owners in the community.

**Community Outreach** programs include:

Pet Food Pantry provides free pet food to pet owners in need as well as pet supplies so they can keep their pets rather than turn them in to a shelter.

Animeals program provides pet food delivered monthly to elderly and homebound pet owners.

Shot Clinics provide free immunization shots to help people keep their pets healthy and in their homes.

Education Center is designed to educate kids who love animals and wish to learn more about animals in our care while spending quality time with them. These programs include Paws for Literacy, Critter Camp, Teen Volunteering, Family Volunteer Days and Girl Scout programs.

Community Cat program utilizes Trap/Neuter/Vaccinate/Release (TNVR) which is a humane method to sterilize and vaccinate feral/community cats and return them to their colonies. TNVR is a proven method to keep these cats healthy, control cat populations, and reduce feline euthanasia in our community.

**Animal Hospital** provides affordable veterinary care for owned pets. Services include spay/neuter surgery, vaccines, x-rays, wellness care, heartworm treatment, and specialty surgeries. The hospital opened in 2008 and expanded to a full service hospital in 2012. The hospital became the first non-profit veterinary hospital in Florida to earn AAHA certification in 2014 which is the gold standard of veterinary care.

Read Report of Independent Certified Public Accountants.

**HUMANE SOCIETY OF TAMPA BAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation and Recent Accounting Pronouncement**

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; ASU 2019-01, *Leases (Topic 842): Codification Improvements*; ASU 2020-05, *Leases (Topic 842): Lessors – Certain Leases with Variable Lease Payments*; and ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

The Organization elected to adopt these ASUs effective January 1, 2022 and utilized all of the available practical expedients. The adoption had an impact on the Organization's statement of financial position but did not have an impact on the statement of activities. The most significant impact was the recognition of an operating lease ROU asset and lease liability for operating leases. For leases that commenced before January 1, 2022 the Organization has applied the modified retrospective transition method which resulted in beginning of year information not being restated.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations, including restricted contributions whose restrictions are met in the same reporting period.

- Board designated for endowment net assets represent contributions received by the Organization that are earmarked by the Board of Directors as quasi-endowment funds invested to generate earnings that can be used to pay for operating expenses and capital outlays.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that:

- may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, 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.
- are maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Read Report of Independent Certified Public Accountants.

**HUMANE SOCIETY OF TAMPA BAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Estimates**

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

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash and cash equivalents are defined as cash on hand and amounts in depository and money market accounts at the bank. Money market funds managed as part of investment accounts, are not included.

**Concentration of Credit Risk**

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist of cash and cash equivalents. The Organization maintains its deposits at one financial institution. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The amounts in excess of the FDIC limit totaled \$602,057 and \$1,400,683 at December 31, 2022 and 2021, respectively. The Organization has not experienced any losses on its deposits.

Investments that potentially subject the Organization to concentrations of credit risk consist principally of investments in mutual funds, common stocks and preferred stocks. Quarterly portfolio reviews are performed to assist in the detection of any concentrations of risk. Management does not believe that any concentrations in investments exist.

**Pledges and Accounts Receivable**

The Organization uses the allowance method to account for uncollectible accounts. The Organization provides an allowance for uncollectible accounts based on collection history, existing economic conditions and the financial stability of its customers.

**Property and Equipment**

Property and equipment are stated at historical cost and depreciated using the straight-line method over the estimated useful lives of each asset – Animal Hospital building and land improvements, 39 years, New shelter building, 50 years and furniture and equipment, 5-10 years. Acquisitions of buildings and property improvements in excess of \$5,000 are capitalized. Acquisitions of furniture and equipment in excess of \$1,000 are capitalized.

**Inventory**

Inventory valued at cost (first-in, first-out) is comprised of microchips used for identification through implantation, resale medicines, pet supplies and Humane Society of Tampa Bay branded shirts and caps.

**Fair Value of Financial Instruments**

Professional standards require disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash and cash equivalents, short term investments, accounts and pledges receivable, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value due to the short-term nature of these instruments.

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**HUMANE SOCIETY OF TAMPA BAY, INC.**  
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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Deferred Revenue**

Revenue from grants are recorded based upon the terms of the grantor allotment which generally provide that revenues are earned when the allowable costs of the specific grant provisions have been incurred. For the years ended December 31, 2022 and 2021, deferred grant revenue in the amount of \$44,026 and \$20,650, respectively, are reflected in the statement of financial position for amounts received but not earned. For the years ended December 31, 2022 and 2021 deferred revenue also includes \$87,042 and \$128,973, respectively, related to special events yet to be held.

**Revenue Recognition**

**Contributions**

The Organization reports contributions as pledges receivable when there is an unconditional promise to give, supported by evidence of the amount, timing, and nature of the contributions. Gifts of cash and other assets are reported as restricted support if they are received with donor-imposed time or purpose restrictions. When a donor restriction expires or is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

**Program Service Fees**

Revenue from hospital services, which are usually completed in a single day, are measured based on point-of-sale transactions in which customers purchase the services for consideration and transfer control of the service to the customer in satisfaction of its performance obligation. Revenue from adoptions and intake fees are measured at the point of adoption which is when transfer of control of the service to the customer in satisfaction of its performance obligation occurs.

**Product Sales**

Revenue from product sales is measured based on point-of-sale transactions in which customers purchase medications and pet supplies for consideration and transfer control of the products to the customer in satisfaction of its performance obligation.

**Donated Materials and Goods**

The Organization records various types of in-kind contributions. Contributed services are recognized at fair market value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of goods and property are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property or inventory.

Unpaid volunteers have made significant contributions of their time to develop and maintain the Organization's programs. Volunteer hours totaled 214,401 in 2022 and 212,180 in 2021 (unaudited). No amounts have been reported in the financial statements for voluntary donation of services because no objective basis is available to measure the value of such donations.

Contributions received in the form of marketable securities are recorded at the fair value of the security at the date of contribution.

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Functional Allocation of Expenses**

Expenses are shown by natural expense classification and function in the accompanying statement of functional expenses. Expenses that are attributable to more than one program or supporting function are allocated on a reasonable basis that is consistently applied. Allocations are based on direct usage or management's estimate of the benefit derived by each activity. Management's estimates may be based on factors such as time and effort, square footage, clients served, or any other reasonable basis. The expenses that are allocated on the basis of estimates of time and effort are salaries, employee benefits and payroll taxes. Facilities, maintenance, insurance, utilities and depreciation are allocated on a square footage basis.

**Leases**

The Organization leases certain office equipment. The determination of whether an arrangement is a lease is made at the lease's inception. Under Topic 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

The Organization uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments for leases that do not provide an implicit rate.

The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less.

Lease agreements with lease and non-lease components are accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices.

**Income Taxes**

The Organization is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code and similar state provisions. The Organization is treated as a public supported organization, and not as a private foundation. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements. The Organization accounts for uncertain tax positions, if any, in accordance with ASC Section 740.

Management is not aware of any activities that would jeopardize the organization's tax-exempt status. The Organization is not aware of any tax positions that it has taken that are subject to a significant degree of uncertainty. The Organization believes it is no longer subject to income tax examinations for fiscal years ending prior to December 31, 2019.

**Reclassification**

Certain 2021 amounts have been reclassified to conform to the 2022 presentation.

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**HUMANE SOCIETY OF TAMPA BAY, INC.**  
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**NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization’s financial assets as of the statement of financial position date. These financial assets are required to be reduced by those not available for general use within one year of the statement of financial position date.

	<b>2022</b>	<b>2021</b>
Financial assets:		
Cash and cash equivalents	\$ 799,707	\$1,633,635
Investments	6,200,307	5,573,364
Pledges receivable	2,999	61,545
Accounts receivable	106,854	122,159
Beneficial interest in Community Foundation	137,076	162,110
	7,246,943	7,552,813
Less those unavailable for general expenditure within one year due to:		
Board designated for endowment	(6,200,307)	(5,573,364)
Restricted by donors for programs	(154,776)	(147,271)
Beneficial interest in Community Foundation	(137,076)	(162,110)
Total amounts unavailable to management for general expenditures within one year	(6,492,159)	(5,882,745)
Financial assets available to meet cash needs for general expenditures within one year	\$ 754,784	\$ 1,670,068

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due and strives to operate within a prudent range of financial soundness and stability, maintain adequate liquid assets to fund near-term operating needs, and maintain sufficient reserves to provide reasonable assurance that any long-term obligations will be discharged. Financial assets in excess of daily cash requirements may be invested in certificates of deposit, money market funds or other short-term investments.

**NOTE D – BENEFICIAL INTEREST IN COMMUNITY FOUNDATION**

The Community Foundation of Tampa Bay, Inc. (Community Foundation) holds funds for which the earnings have been restricted for the benefit of the Organization. Assets contributed to the Community Foundation for the benefit of the Organization are recorded as assets of the Organization in accordance with professional standards. These “agency restricted funds” are pooled with the other assets of the Community Foundation for investing purposes.

“Agency restricted funds” which were established for the Organization within the Community Foundation had fair values of approximately \$137,076 at December 31, 2022, (\$162,110 at December 31, 2021) and are recorded as donor restricted net assets.

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**HUMANE SOCIETY OF TAMPA BAY, INC.**  
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**NOTE E – PLEDGES RECEIVABLE**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a donor-imposed restriction expires, donor restricted net assets are reclassified to net assets without donor restrictions.

Expected pledge receivable collections are as follows:

	2022	2021
Receivable in less than one year	\$ 1,999	\$ 63,037
Receivable in two to five years	1,000	5,526
	2,999	68,563
Less allowance for doubtful accounts	( - )	( 7,018 )
Pledges receivable, net	\$ 2,999	\$ 61,545

The Organization’s management reviews amounts related to pledges outstanding on an annual basis and determines amounts that should be written off. \$4,932 in pledges were written off in 2022. \$3,500 in pledges were written off in 2021.

**NOTE F- FAIR VALUE MEASUREMENTS**

In accordance with Professional Standards, *Fair Value Measurements* establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under Professional Standards are described below:

**Level 1**

- Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

**Level 2**

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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**NOTE F- FAIR VALUE MEASUREMENTS (continued)**

**Level 3**

- Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

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

Investments in equities, mutual funds, and money market funds are valued at the closing price on the active market which the individual securities are traded.

Beneficial interest in Community Foundation represents funds held in a trust and are valued at the fair value of the investments of the related trust.

*The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value at December 31, 2022:*

	Fair Value	(Level 1)	(Level 2)	(Level 3)
Equities	\$ 2,936,079	\$ 2,936,079	\$ -	\$ -
Mutual funds	3,138,515	3,138,515	-	-
Money market funds	125,713	125,713	-	-
Beneficial interest in Community Foundation	137,076	-	-	137,076
	<u>\$ 6,337,383</u>	<u>\$ 6,200,307</u>	<u>\$ -</u>	<u>\$ 137,076</u>

*The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value at December 31, 2021:*

	Fair Value	(Level 1)	(Level 2)	(Level 3)
Equities	\$ 1,238,321	\$ 1,238,321	\$ -	\$ -
Mutual funds	4,231,099	4,231,099	-	-
Money market funds	103,944	103,944	-	-
Beneficial interest in Community Foundation	162,110	-	-	162,110
	<u>\$ 5,735,474</u>	<u>\$ 5,573,364</u>	<u>\$ -</u>	<u>\$ 162,110</u>

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**HUMANE SOCIETY OF TAMPA BAY, INC.  
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**NOTE F- FAIR VALUE MEASUREMENTS (continued)**

Fair Value Measurements Using Significant Unobservable Inputs (Level) 3:

	Beneficial interest in Community Foundation
January 1, 2021	\$ 146,667
Interest and dividends, less fees	1,822
Contributions and settlements	-
Gains and losses	20,357
Distributions	(6,736)
Transfers in and/or out of Level 3	-
December 31, 2021	\$ 162,110
Interest and dividends, less fees	1,414
Contributions and settlements	-
Gains and losses	(19,226)
Distributions	(7,222)
Transfers in and/or out of Level 3	-
December 31, 2022	\$ 137,076

**NOTE G – PROPERTY AND EQUIPMENT**

	2022	2021
Land and land improvements	\$ 2,699,159	\$ 2,486,325
Buildings and improvements	17,968,834	17,840,251
Furniture and equipment	1,872,437	1,739,764
Total property and equipment	22,540,430	22,066,340
Less accumulated depreciation	(3,293,366)	(2,540,838)
	<u>\$ 19,247,064</u>	<u>\$ 19,525,502</u>

**NOTE H – LEASES**

The Organization has obligations as a lessee for office equipment with initial noncancelable terms in excess of one year. As disclosed in Note B, the Organization adopted Topic 842 during the year. As a result, adopting Topic 842 had no impact to prior year statement of financial position information, and because the leases are operating leases, the adoption of this standard has no impact on the results of the Organization's operations.

As of December 31, 2022, the ROU asset had a balance of \$165,485 and the lease liability had current portion (\$72,360) and noncurrent portion (\$93,125) balances as shown on the statement of financial position. The leases do not have readily determinable implicit interest rates. Discounts to present value using the Organization's incremental borrowing rate of 2.84% (as identified in Note O) over the remaining lease terms as of the implementation date of January 1, 2022 were deemed to be immaterial to the financial statements.

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**HUMANE SOCIETY OF TAMPA BAY, INC.**  
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**NOTE H – LEASES (continued)**

Additional information about the Organization’s operating leases as of December 31, 2022 is as follows:

<b>Lease costs:</b>	<u><b>Program Services</b></u>	<u><b>Management and General</b></u>	<u><b>Fund- raising</b></u>	<u><b>Total</b></u>
Operating lease cost	\$ 56,413	\$ 2,678	\$ 13,269	\$72,360

**Other Information:**

Cash paid for amounts included in measuring operating lease liabilities – Operating cash flows from operating leases	\$ 72,360
Lease assets obtained in exchange for lease obligations – Operating leases	\$ 165,485
Weighted-average remaining lease term (months)	30
Weighted-average discount rate	2.84%

Maturities of the operating lease liability as of December 31, 2022 are as follows:

**Year ending December 31:**

2023	\$ 72,360
2024	72,360
2025	<u>20,765</u>
Total lease payments	<u>\$ 165,485</u>

Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term.

**NOTE I –DONATED MATERIALS AND GOODS**

The Organization’s contributed materials, goods and services during the years ended December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Materials and goods	<u>\$ 322,266</u>	<u>\$ 103,156</u>

In-kind contributions are included in the following areas of the Organization:

Shelter/ Adoption Center	\$ 126,956	\$ 70,417
Fundraising	6,027	-
Community Outreach	<u>189,283</u>	<u>32,739</u>
	<u>\$ 322,266</u>	<u>\$ 103,156</u>

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**HUMANE SOCIETY OF TAMPA BAY, INC.**  
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**NOTE J – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions of the Organization are comprised of cash, short-term investments and receivables at December 31, 2022 and 2021 and are available for the following purposes:

	<u>2022</u>	<u>2021</u>
The Community Foundation of Tampa Bay – investment purpose	\$ 137,076	\$ 162,110
Donor contributions restricted for programs	<u>135,875</u>	<u>147,271</u>
	<u>\$ 272,951</u>	<u>\$ 309,381</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of passage of time or other events specified by donors. The net assets released from restrictions at December 31, 2022 and 2021 were \$143,098 and 107,286, respectively.

**NOTE K – ALLOCATION OF JOINT COSTS**

During the years ended December 31, 2022 and 2021, the Organization incurred joint costs of \$431,019 and \$269,005, respectively, for informational material and activities that included a fundraising appeal. These costs were allocated among the various programs as follows:

	<u>2022</u>	<u>2021</u>
Shelter/Adoption Center	\$ 12,543	\$ 9,634
Community Outreach	25,314	19,620
Animal Hospital	8,507	5,608
Fundraising and Administration	<u>384,655</u>	<u>234,143</u>
	<u>\$ 431,019</u>	<u>\$ 269,005</u>

**NOTE L – ENDOWMENT**

In 2021, the Board of Directors established two endowment funds, one as a safety net for operational shortfalls (Operating Reserve) and one for capital needs and future expansion (Capital Reserve). Both endowments have been funded with board designations of unrestricted net assets as of December 31, 2022 and 2021. In the future, if a donor restricts funds for endowment purposes, those amounts will be reported as donor restricted within the endowment funds.

Net Asset Composition by Endowment and Changes in Endowment Net Assets for the Year Ended December 31, 2022 follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Reserve	\$ 2,007,748	-	\$ 2,007,748
Capital Reserve	<u>4,192,559</u>	<u>-</u>	<u>4,192,559</u>
	<u>\$ 6,200,307</u>	<u>\$ -</u>	<u>\$ 6,200,307</u>

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**HUMANE SOCIETY OF TAMPA BAY, INC.**  
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**NOTE L – ENDOWMENT (continued)**

	Operating Reserve	Capital Reserve	Total
Endowment net assets, beginning of year	\$ 2,681,602	\$ 2,891,762	\$ 5,573,364
Contributions/Transfers	-	2,064,378	2,064,378
Grants/Distributions	(289,537)	(120,000)	(409,537)
Investment Income	66,898	108,872	175,770
Net appreciation (realized and unrealized)	(451,215)	(752,453)	(1,203,668)
Endowment net assets, end of year	<u>\$ 2,007,748</u>	<u>\$ 4,192,559</u>	<u>\$ 6,200,307</u>

Net Asset Composition by Endowment and Changes in Endowment Net Assets for the Year Ended December 31, 2021 follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Reserve	\$ 2,681,602	-	\$ 2,681,602
Capital Reserve	2,891,762	-	2,891,762
	<u>\$ 5,573,364</u>	<u>\$ -</u>	<u>\$ 5,573,364</u>

	Operating Reserve	Capital Reserve	Total
Endowment net assets, beginning of year	\$ -	\$ -	\$ -
Contributions/Transfers	2,269,760	2,788,122	5,057,882
Grants/Distributions	-	-	-
Investment Income	78,618	73,335	151,953
Net appreciation (realized and unrealized)	333,224	30,305	363,529
Endowment net assets, end of year	<u>\$ 2,681,602</u>	<u>\$ 2,891,762</u>	<u>\$ 5,573,364</u>

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**HUMANE SOCIETY OF TAMPA BAY, INC.**  
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**NOTE L – ENDOWMENT (continued)**

Interpretation of Relevant Law

The Board of Directors has interpreted the law as requiring donor restricted net assets in an endowment fund to remain restricted until appropriated for expenditure by the Organization for the donor's intended purpose. In accordance with the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA), the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The purposes of the Organization and the donor restricted endowment fund
- 2) General economic conditions
- 3) The possible effect of inflation and deflation
- 4) The expected total return on investment
- 5) Other resources of the Organization
- 6) The investment policies of the Organization

Return Objectives and Risk Parameters

The Organization has adopted an Investment Policy for endowment assets that attempts to emphasize continued focus on planned giving. The objective is to obtain maximum total return (income and appreciation) of 5% after inflation, over a full market cycle of 3-5 years. Investments are divided between fixed income and equity securities with approximately 30% in fixed income and 70% in equity. In addition, the Organization will avoid investing in companies whose policies or values are in direct contrast to the ideals of the Organization.

Spending Policy

While the principal in the quasi-endowments may be expended with majority vote of the Board of Directors, the Board intends for the principal to not be expended from the Operating Reserve endowment except in an emergency that threatens the survival of the organization. The principal from the Capital Reserve quasi-endowment may be expended with majority vote of the Board of Directors for capital expansion, major capital repairs, equipment, or other purchases of a capital nature.

**NOTE M – EMPLOYEE BENEFIT PLAN**

The Organization sponsors a Section 401(k) defined contribution pension plan (plan) for the benefit of eligible employees. Employees, who have reached the age of 18 and have been with the Organization for one month meet eligibility. The Plan includes a discretionary employer match subject to the approval of the Board of Directors. The discretionary match for 2022 is based on 100% of an employee's plan contribution up to an amount equal to 3% of the employee's salary. The discretionary match for 2021 was based on 10% of an employee's plan contribution. The Organization's contribution for the years ended December 31, 2022 and 2021 was \$90,301 and \$19,607, respectively.

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**NOTE N – COMMITMENTS AND CONTINGENCIES**

The Organization entered into a long-term agreement for the period September 1, 2018 to October 31, 2026 with a vendor for diagnostic supplies and lab services for the animal hospital and shelter. The Organization is required to make annual minimum purchases of approximately \$425,000 with the vendor. For the years ended December 31, 2022 and 2021 the Organization expended \$521,605 and \$538,291, respectively, for such services.

**NOTE O – AVAILABLE LINES OF CREDIT**

The Organization has a \$1,000,000 bank line of credit available for its periodic borrowing needs. The line of credit expires July 31, 2023. Any borrowings under the line of credit are due on demand and bear interest at Daily SOFR Rate plus 2.75% (7.06% at December 31, 2022 and 2.84% at December 31, 2021). There were no outstanding borrowings on the line of credit at December 31, 2022 and 2021.

**NOTE P –SUBSEQUENT EVENTS**

The Organization entered into a contract dated March 1, 2023 with an architect to provide services for the planned expansion of the Animal Hospital. The contract commitment is approximately \$250,000.

Management has evaluated subsequent events through March 30, 2023, the date the financial statements were available to be issued.