

Jacksonville Humane Society, Inc.

Financial Statements

Years Ended December 31, 2019 and 2018

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Independent Auditors' Report

Board of Directors
Jacksonville Humane Society, Inc.
Jacksonville, Florida

Report on the Financial Statements

We have audited the accompanying statements of financial position of Jacksonville Humane Society, Inc. (the "Organization"), a non-profit corporation, as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2019 and 2018, the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Dixon Hughes Goodman LLP

**Jacksonville, Florida
June 9, 2020**

Jacksonville Humane Society, Inc.
Statements of Financial Position
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,968,685	\$ 3,195,109
Investments at fair value	3,543,777	2,437,741
Accounts receivable	167,135	117,054
Unconditional promises to give, current	165,000	478,750
Prepaid expenses	41,268	49,392
Inventory	<u>111,644</u>	<u>55,046</u>
Total current assets	5,997,509	6,333,092
Property and equipment, net	19,979,582	20,502,655
Other assets:		
Unconditional promises to give, net	604,884	768,467
Land held for resale	<u>1,081,505</u>	<u>1,081,505</u>
Total assets	<u>\$ 27,663,480</u>	<u>\$ 28,685,719</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 123,649	\$ 139,570
Deferred revenue	206,198	149,684
Note payable, current	194,580	366,675
Capital lease, current	<u>11,188</u>	<u>11,000</u>
Total current liabilities	<u>535,615</u>	<u>666,929</u>
Long term liabilities:		
Note payable	-	1,626,837
Capital lease	<u>24,400</u>	<u>36,365</u>
Total long term liabilities	<u>24,400</u>	<u>1,663,202</u>
Total liabilities	<u>560,015</u>	<u>2,330,131</u>
Net assets:		
Without donor restrictions	20,513,956	18,710,781
With donor restrictions	<u>6,589,509</u>	<u>7,644,807</u>
Total net assets	<u>27,103,465</u>	<u>26,355,588</u>
Total liabilities and net assets	<u>\$ 27,663,480</u>	<u>\$ 28,685,719</u>

See accompanying notes.

Jacksonville Humane Society, Inc.
Statements of Activities
Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	As Adjusted Without Donor Restrictions	As Adjusted With Donor Restrictions	Total
Revenues						
Program Revenues:						
Outreach	\$ 249,626	\$ -	\$ 249,626	\$ 107,866	\$ -	\$ 107,866
Adoptions	331,364	-	331,364	241,077	-	241,077
Hospital services	741,527	-	741,527	1,000,981	-	1,000,981
Obedience classes	-	-	-	14,979	-	14,979
Cemetery plots and related fees	18,170	-	18,170	17,959	-	17,959
Contributions	1,788,582	459,512	2,248,094	1,637,819	968,061	2,605,880
In-kind contributions	303,771	-	303,771	228,406	-	228,406
Bequests	199,220	-	199,220	2,079,592	-	2,079,592
Grants	226,733	-	226,733	354,358	-	354,358
Special events (net of expenses of \$61,101 and \$48,143 in 2019 and 2018, respectively)	484,008	-	484,008	353,391	-	353,391
Merchandise	113,542	-	113,542	96,922	-	96,922
Investment income (loss)	566,802	-	566,802	(138,137)	-	(138,137)
Miscellaneous income	117,430	-	117,430	111,973	-	111,973
Total revenue	5,140,775	459,512	5,600,287	6,107,186	968,061	7,075,247
Net assets released from restrictions	1,514,810	(1,514,810)	-	819,499	(819,499)	-
Expenses:						
Program services	4,138,264	-	4,138,264	4,188,924	-	4,188,924
Management and general	164,294	-	164,294	232,310	-	232,310
Fundraising	549,852	-	549,852	540,189	-	540,189
Total expenses	4,852,410	-	4,852,410	4,961,423	-	4,961,423
Change in net assets	1,803,175	(1,055,298)	747,877	1,965,262	148,562	2,113,824
Net assets, beginning	18,710,781	7,644,807	26,355,588	16,745,519	7,496,245	24,241,764
Net assets, ending	\$ 20,513,956	\$ 6,589,509	\$ 27,103,465	\$ 18,710,781	\$ 7,644,807	\$ 26,355,588

See accompanying notes.

Jacksonville Humane Society, Inc.
Statements of Functional Expenses
Year Ended December 31, 2019

	Program Expenses				Supporting Services		
	Shelter Services	Medical/Vet Services	Hospital Services	Education Outreach	Management and General	Fundraising	Total
Salaries	\$ 820,140	\$ 361,879	\$ 459,346	\$ 125,027	\$ 74,909	\$ 184,192	\$ 2,025,493
Payroll taxes	61,313	26,818	31,722	9,261	5,141	13,579	147,834
Employee benefits	93,272	32,779	40,665	9,360	5,400	12,111	193,587
Personnel costs	974,725	421,476	531,733	143,648	85,450	209,882	2,366,914
Professional fees	32,951	32,951	21,968	10,984	5,492	17,064	121,410
Repairs and maintenance	14,627	14,627	17,452	4,875	2,438	2,438	56,457
Telephone	4,880	4,880	3,254	1,627	813	813	16,267
Food, medicine and exam room	348,551	178,599	346,816	-	-	-	873,966
Insurance	26,109	26,109	17,406	8,703	7,259	4,352	89,938
Community education	1,783	1,224	6,066	43,194	204	1,913	54,384
Utilities	70,154	70,154	46,769	23,384	11,692	11,692	233,845
Vehicle expense	1,673	1,673	1,116	558	279	279	5,578
Taxes and licenses	174	174	940	58	561	29	1,936
Office expense	22,629	9,386	8,728	2,348	14,645	6,893	64,629
Postage	469	469	313	156	78	6,099	7,584
Printing	-	-	-	-	-	2,756	2,756
Direct mail	-	-	-	-	-	251,969	251,969
Miscellaneous	39,496	16,810	11,143	12,588	4,512	2,802	87,351
Total expenses before non-cash expenses	1,538,221	778,532	1,013,704	252,123	133,423	518,981	4,234,984
Depreciation	185,228	185,228	123,485	61,743	30,871	30,871	617,426
Total expenses	\$ 1,723,449	\$ 963,760	\$ 1,137,189	\$ 313,866	\$ 164,294	\$ 549,852	\$ 4,852,410

See accompanying notes.

**Jacksonville Humane Society, Inc.
Statements of Functional Expenses
Year Ended December 31, 2018**

	Program Expenses			Supporting Services		
	Shelter Services	Medical/Vet Services	Hospital Services	Management and General	Fundraising	Total
Salaries	\$ 931,749	\$ 317,555	\$ 577,709	\$ 86,634	\$ 153,465	\$ 2,067,112
Payroll taxes	72,807	23,732	42,722	6,221	11,148	156,630
Employee benefits	103,865	26,966	52,558	4,985	10,193	198,567
Personnel costs	1,108,421	368,253	672,989	97,840	174,806	2,422,309
Professional fees	46,271	17,797	46,271	4,939	113,462	228,740
Repairs and maintenance	12,858	4,945	22,287	1,331	1,154	42,575
Telephone	7,133	2,744	7,133	738	640	18,388
Food, medicine and exam room	305,979	141,021	394,205	-	-	841,205
Insurance	30,525	11,741	30,525	5,816	2,739	81,346
Community education	32,326	2,056	5,472	553	1,249	41,656
Utilities	91,845	35,325	91,845	9,506	8,242	236,763
Vehicle expense	1,274	490	1,274	132	114	3,284
Taxes and licenses	977	88	1,028	494	20	2,607
Office expense	13,465	6,084	14,446	79,841	9,541	123,377
Postage	467	180	467	48	6,535	7,697
Printing	-	-	-	-	2,796	2,796
Direct mail	-	-	-	-	195,509	195,509
Miscellaneous	57,467	7,673	19,834	6,170	1,790	92,934
Total expenses before non-cash expenses	1,709,008	598,397	1,307,776	207,408	518,597	4,341,186
Depreciation	240,602	92,539	240,602	24,902	21,592	620,237
Total expenses	\$ 1,949,610	\$ 690,936	\$ 1,548,378	\$ 232,310	\$ 540,189	\$ 4,961,423

See accompanying notes.

Jacksonville Humane Society, Inc.
Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 747,877	\$ 2,113,824
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	617,426	620,237
Realized and unrealized loss (gain) on investments	(502,527)	121,632
Changes in operating assets and liabilities:		
Accounts receivable	(50,081)	(1,584)
Unconditional promises to give	477,333	497,895
Prepaid expenses	8,123	(9,623)
Inventory	(56,598)	(2,859)
Accounts payable and accrued expenses	(15,921)	(642,134)
Deferred revenue	56,514	(34,767)
Net cash provided by operating activities	<u>1,282,146</u>	<u>2,662,621</u>
Cash flows from investing activities:		
Sales of investments	3,364,246	2,231,765
Purchases of investments	(3,967,755)	(2,599,836)
Purchase of property and equipment	(94,353)	(121,419)
Net cash used by investing activities	<u>(697,862)</u>	<u>(489,490)</u>
Cash flows from financing activities:		
Net borrowings (repayments) on line of credit	-	(2,089,072)
Capital lease repayments	(11,776)	(10,018)
Long term debt borrowings	-	2,106,693
Long term debt repayments	(1,798,932)	(1,114,389)
Net cash used by financing activities	<u>(1,810,708)</u>	<u>(1,106,786)</u>
Net (decrease) increase in cash and cash equivalents	<u>(1,226,424)</u>	1,066,345
Cash and cash equivalents, beginning	<u>3,195,109</u>	<u>2,128,764</u>
Cash and cash equivalents, ending	<u>\$ 1,968,685</u>	<u>\$ 3,195,109</u>
Cash paid for interest	<u>\$ 13,052</u>	<u>\$ 78,943</u>

See accompanying notes.

Notes to Financial Statements

1. Nature of Organization and Summary of Significant Account Policies

Jacksonville Humane Society, Inc. (“the Organization”) is a non-profit organization dedicated to the welfare of animals. Its primary purposes are the prevention of cruelty to animals, the relief of suffering animals, and presenting of humane education. The major sources of income are derived from public contributions and service revenue.

The financial statements, which are presented on the accrual basis of accounting, have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions.

Net assets and revenue, gains, expenses and losses are required to be classified as without or with donor restrictions based upon the following criteria:

1. Net assets without donor restrictions represent expendable funds available for operations, which are not otherwise limited by donor restrictions.
2. Net assets with donor restrictions consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Foundation may spend the funds.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. When a donor restriction expires, restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service.

The Organization recognizes revenue for certain donated services and other in-kind contributions received at fair value as of the date of the gift.

Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments are recorded at fair value. The fair value of investments is based on the last sales price on the valuation date for those securities traded on national securities exchanges. For securities traded over-the-counter, the last bid price is used. Realized and unrealized gains or losses are determined by comparison of cost to either proceeds received from sales or market values.

Purchases and sales of securities are recorded on a trade-date basis. Investment income is recognized as revenue in the period it is earned. Dividends are recorded on the ex-dividend date.

Fair value measurement

Generally accepted accounting principles in the United States of America (GAAP) define fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value. See Note 4.

Unconditional promises to give

Unconditional promises to give are recorded as receivables and contribution revenue when the promises are received. Contributions to be received after one year are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received (ranges from 2% to 3%). The carrying amount of pledges receivable is reduced by a valuation allowance. The valuation allowance is adjusted at year end to reflect the percentage of pledges considered uncollectible by management based on historical collection experience and review of pledges receivable.

An allowance for uncollectible pledge receivables is estimated and based on management's judgment of the collectability of these receivables. At December 31, 2019 and 2018, the Organization considered all remaining pledge receivables to be fully collectible.

Inventory

Inventories are stated at lower of cost or market determined by the first-in, first-out method.

Property and equipment

Property and equipment are recorded at cost or if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful lives. The useful lives used for depreciation range from three years to forty years.

Donated use of land

In 1934 the Organization received a donation of the use approximately 10 acres. The Organization may continue to use this land at no charge for as long as it remains in operation on the site. No amounts have been reflected in the financial statements for donated use of land as no objective basis is available to measure the value of such use.

Expense allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, office and occupancy, which are allocated on a department size, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

Concentrations of credit risk

Cash and cash equivalents consist of cash on deposit in banks and cash invested in liquid asset trust funds with initial maturities of three months or less. The Organization periodically maintains bank deposits in excess of the Federal Deposit Insurance Corporation limit.

Income taxes

The Organization is recognized by the Internal Revenue Service as a nonprofit under Section 501(c) (3) of the Internal Revenue Code; accordingly the accompanying financial statements do not reflect a provision or liability for federal and state income taxes

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect (1) the reported amounts of assets and liabilities; (2) disclosure of contingent assets and liabilities at the date of the financial statements; and, (3) the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of new accounting standard

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the new standard effective January 1, 2019, the first day of the Organization’s fiscal year, using the modified retrospective method.

As part of the adoption of the ASU, the Organization elected to use the following transition practical expedients: (i) completed contracts that begin and end in the same annual reporting period have not been restated; (ii) the Organization used the known transaction price for completed contracts; (iii) to exclude disclosures of transaction prices allocated to remaining performance obligations when the Organization expects to recognize such revenue for all periods prior to the date of initial application of the ASU; and (iv) the Organization has reflected the aggregate of all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price.

The Organization’s revenue is recognized at a point in time based on the transfer of control. Revenue consists of performance obligations satisfied within one year or less. In addition, the Organization’s contracts do not contain variable consideration and contract modifications are generally minimal. For these reasons, there is not a significant impact as a result of electing these transition practical expedients.

The adoption of this ASU did not have any impact on the Organization’s financial statements. The Organization’s revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. Based on the Organization’s evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

Subsequent events

In preparing these financial statements, the Organization evaluated events and transactions for potential recognition or disclosure through June 9, 2020, the date of the financial statements were available for issue.

Subsequent to the statement of financial position date, the World Health Organization declared the outbreak of COVID-19, a novel strain of Coronavirus, a pandemic. The coronavirus outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of the outbreak on the Organization’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, the impact on the Organization’s customers, employees and vendors, and governmental, regulatory and private sector responses. The financial statements do not reflect any adjustments as a result of the subsequent increase in economic uncertainty.

Jacksonville Humane Society, Inc.
Notes to Financial Statements

2. Availability of Financial Assets

The following reflects the Organization's financial assets as of the statement of financial position date reduced by amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position date.

Financial assets, at December 31, 2019:	
Cash and cash equivalents	\$ 1,968,685
Accounts receivable	167,135
Unconditional promise to give, current	165,000
Investments at fair value	<u>3,543,777</u>
	5,844,597
Less those unavailable for general expenditures within one year due to:	
Donor-imposed restrictions with time or purpose restrictions	<u>(165,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,679,597</u>

The Organization is substantially supported by contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has to a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. The Organization also has a significant degree of flexibility and discretion to manage its costs based on the annual contribution levels and financial assets available.

3. Investments

Investments at December 31, 2019 and 2018 consist of the following:

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Common stocks and bonds:				
Fixed income	\$ -	\$ -	\$ 411,950	\$ 405,127
Mutual funds:				
Fixed income	884,235	885,565	573,797	558,033
Equities	2,353,985	2,483,366	1,576,808	1,401,012
Alternative investments	<u>172,195</u>	<u>174,846</u>	<u>70,887</u>	<u>73,569</u>
	<u>3,410,415</u>	<u>3,543,777</u>	<u>2,221,492</u>	<u>2,032,614</u>
	<u>\$ 3,410,415</u>	<u>\$ 3,543,777</u>	<u>\$ 2,633,442</u>	<u>\$ 2,437,741</u>

Jacksonville Humane Society, Inc.
Notes to Financial Statements

Investment income (loss) for December 31, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Dividends and interest	\$ 87,454	\$ 53,614
Net realized and unrealized gains (losses)	<u>502,527</u>	<u>(175,246)</u>
	589,981	(121,632)
Investment fees	<u>(23,179)</u>	<u>(16,505)</u>
	<u>\$ 566,802</u>	<u>\$ (138,137)</u>

4. Fair Value of Financial Assets

The Organization follows accounting standards requiring 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 are described as follows:

Level 1: Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2: Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

Level 3: Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require management judgment and estimation. Such investment valuations are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques.

Inputs broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

The Organization's investments are Level 1 assets. The following is a description of the valuation methodologies used for assets measured at fair value.

Level 1 Fair Value Measurements - The fair value of equities is based on the closing price reported on the active market on which the individual securities are traded. The fair value of mutual funds is based on quoted net asset values of the shares held by the Organization at year end. The fair value of money market funds and certificates of deposit are based on transacted values.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

There were no changes during the year ended December 31, 2019 to the Organization's valuation techniques used to measure asset and liability fair values on a recurring basis.

Jacksonville Humane Society, Inc.
Notes to Financial Statements

5. Unconditional Promises to Give

Unconditional promises to give at December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Unconditional promises to give	<u>\$ 769,884</u>	<u>\$ 1,247,217</u>
Amounts due in:		
Less than one year	\$ 165,000	\$ 478,750
One to five years	270,000	418,000
More than five years	<u>709,849</u>	<u>740,645</u>
Total unconditional promises to give	1,144,849	1,637,395
Present value discounts and allowance	<u>(374,965)</u>	<u>(390,178)</u>
Unconditional promises to give, net	<u>\$ 769,884</u>	<u>\$ 1,247,217</u>

6. Property and Equipment

Property and equipment consists of the following at December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Adoption and Education Center	\$ 11,599,381	\$ 11,599,381
Donated land	4,700,000	4,700,000
Community animal hospital	3,246,520	3,246,520
Land	273,054	273,054
Clinic – building and improvements	212,876	212,876
Clinic equipment	22,832	22,832
Shelter and improvements	1,858,214	1,798,154
Equipment	840,426	840,425
Vehicles	<u>116,203</u>	<u>81,910</u>
	22,869,506	22,775,152
Accumulated depreciation	<u>(2,889,924)</u>	<u>(2,272,497)</u>
	<u>\$ 19,979,582</u>	<u>\$ 20,502,655</u>

Jacksonville Humane Society, Inc.
Notes to Financial Statements

7. Note Payable

In connection with the Organization's capital campaign, and the temporarily restricted capital campaign amounts described in Note 9, the Organization previously obtained bank financing for as part of the construction of the Organization's brand-new animal shelter. Prior to February 2018, the financing was structured as an open line of credit, at which time it was converted to a term note.

Effective November 2018, the Organization refinanced the note with another lender at a 1.25% interest rate. The loan was paid in full in January 2020.

8. Capital Lease

The Organization entered into a lease contract in for an equipment. The asset and liability under the capital lease are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The net book value of the equipment is \$34,430 and \$45,907 on December 31, 2019 and 2018, respectively.

The future minimum lease payments under this capital lease at December 31, 2019 are as follows:

2020	\$	11,460
2021		11,460
2022		11,460
2023		<u>2,297</u>
Total future minimum lease payments		36,677
Imputed interest		<u>(1,089)</u>
Present value of lease payments		35,588
Current portion of obligation		<u>(11,188)</u>
	\$	<u>24,400</u>

Jacksonville Humane Society, Inc.
Notes to Financial Statements

9. Assets with Donor Restrictions

Donor restricted net assets consist of the following:

	<u>January 1, 2019</u>	<u>Increase / Contributions</u>	<u>Decreases / Uses</u>	<u>December 31, 2019</u>
Capital campaign	\$ 1,838,396	\$ 419,919	\$ (1,463,453)	\$ 794,862
Bo's Fund	3,346	4,559	(7,905)	-
Mend a Friend	8,817	28,301	(37,118)	-
Peaches	4,402	6,733	(6,334)	4,801
Emergency boarding	8,346	-	-	8,346
Donated land for resale	1,081,500	-	-	1,081,500
Land donation	<u>4,700,000</u>	<u>-</u>	<u>-</u>	<u>4,700,000</u>
	<u>\$ 7,644,807</u>	<u>\$ 459,512</u>	<u>\$ (1,514,810)</u>	<u>\$ 6,589,509</u>
	<u>January 1, 2018</u>	<u>Increase / Contributions</u>	<u>Decreases / Uses</u>	<u>December 31, 2018</u>
Capital campaign	\$ 1,694,429	\$ 942,834	\$ (798,867)	\$ 1,838,396
Bo's Fund	8,417	6,959	(12,030)	3,346
Mend a Friend	2,472	13,268	(6,923)	8,817
Peaches	867	5,000	(1,465)	4,402
Emergency boarding	8,560	-	(214)	8,346
Donated land for resale	1,081,500	-	-	1,081,500
Land donation	<u>4,700,000</u>	<u>-</u>	<u>-</u>	<u>4,700,000</u>
	<u>\$ 7,496,245</u>	<u>\$ 968,061</u>	<u>\$ (819,499)</u>	<u>\$ 7,644,807</u>

In 2007, the Organization received two adjoining parcels of land in Duval County, Florida with a fair market value of \$3,500,000 as part of a capital campaign. This property was donated with the stipulation that the land cannot be sold within the ensuing three years for not less than \$3,500,000. In 2011, the State of Florida Department of Transportation ("FDOT") initiated eminent domain proceedings on one of the parcels. This parcel was transferred to the FDOT in 2012 for \$432,600 and there was an additional remediation payment of \$355,379 in 2015. The remaining restricted balance is for the land still owned by the Organization, and was reduced in 2012 to market value based on the consideration received for the adjacent property transferred to the FDOT.

Land donation consists of approximately 16 acres of land adjacent to the Organization's current site donated to Organization for use in future operations and expansion.

10. Donated Materials and Services

Donated materials are recorded as contributions at estimated fair values at the date of donation. Donated services are recognized as contributions in accordance with FASB ASC 958-10 *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. The value of donated services which meet the criteria for recognition under FASB ASC 958-10 included in the financial statements and the corresponding shelter expenses for the year ended December 31, 2019 and 2018 included donated food and medicine of approximately \$304,000 and \$228,000, respectively.

Numerous volunteers have donated their time and have performed a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. The Organization received approximate volunteer hours of 28,413 in December 31, 2019 and 27,637 in 2018. No amounts have been reflected in the financial statements for donated volunteer hours.

11. Defined Contribution Retirement Plan

The Organization sponsors a defined contribution retirement plan covering substantially all full-time permanent employees. Employer contributions are determined at the Board of Directors' discretion. The plan may be terminated at any time without further obligation to the Organization. There was no employer contribution to the plan for the years ending December 31, 2019 and 2018.