

Humane Society of South Coastal Georgia, Inc.

Financial Reports

December 31, 2020 and 2019



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Humane Society of South Coastal Georgia, Inc.
Brunswick, Georgia

We have audited the accompanying financial statements of the Humane Society of South Coastal Georgia, Inc. (the "Society"), which comprise the statements of financial position as of December 31, 2020 and 2019, 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 audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor's judgment, including the assessment of the 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 entity'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 Humane Society of South Coastal Georgia, Inc. as of December 31, 2020 and 2019, 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.

MS Jiller LLC

Brunswick, Georgia
November 30, 2021

Humane Society of South Coastal Georgia, Inc.

Statements of Financial Position

December 31, 2020 and 2019

Assets

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,046,293	\$ 553,644
Perpetual trust held by others	3,187,269	2,993,075
Inventories	14,129	16,164
Other current assets	1,597	1,097
Promises to give	120,000	-
Property and equipment, net	<u>1,520,665</u>	<u>1,565,463</u>
Total Assets	<u>\$ 6,889,953</u>	<u>\$ 5,129,443</u>

Liabilities and Net Assets

Liabilities

Accounts payable	\$ 7,408	\$ 22,751
Sales tax payable	793	679
Payroll taxes payable	2,404	2,015
Accrued expenses	11,547	7,417
Advance from trust	<u>75,000</u>	<u>75,000</u>
Total liabilities	97,152	107,862

Net Assets

Without donor restrictions	3,560,532	2,103,506
With donor restrictions	<u>3,232,269</u>	<u>2,918,075</u>
Total net assets	<u>6,792,801</u>	<u>5,021,581</u>
Total Liabilities and Net Assets	<u>\$ 6,889,953</u>	<u>\$ 5,129,443</u>

See accompanying notes to the financial statements.

Humane Society of South Coastal Georgia, Inc.
 Statements of Activities and Changes in Net Assets
 For the Years Ended December 31, 2020 and 2019

	2020	2019
Net Assets without Donor Restrictions		
Revenues, gains and other support without donor restrictions		
Contributions	\$ 1,837,407	\$ 408,522
Membership dues	6,350	8,250
Adoptions and surrenders	57,555	77,813
Microchip and rabies	13,667	13,512
Public spay and neuter	48,669	44,254
Special events	74,393	314,099
Kennel products	11,173	12,999
Memorials and sponsorships	44,337	19,358
Interest income	5,190	6,807
The Big Flea sales	85,011	78,251
Other income	118,537	7,742
Total revenues, gains and other support without donor restrictions	2,302,289	991,607
Net assets released from restrictions	163,532	133,953
Total revenues, gains and other support without donor restrictions and net assets released from restrictions	\$ 2,465,821	\$ 1,125,560

See accompanying notes to the financial statements.

Humane Society of South Coastal Georgia, Inc.
 Statements of Activities and Changes in Net Assets
 For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Expenses		
Program services	\$ 693,486	\$ 737,709
Supporting services:		
General and administrative	184,091	158,758
Fundraising	<u>131,218</u>	<u>235,813</u>
Total expenses	<u>1,008,795</u>	<u>1,132,280</u>
Increase (Decrease) in net assets without donor restrictions	<u>1,457,026</u>	<u>(6,720)</u>
Net Assets with Donor Restrictions		
Contributions and pledges	133,877	2,722
Change in value of perpetual trust held by others	343,849	499,676
Net assets released from restrictions	<u>(163,532)</u>	<u>(133,953)</u>
Increase in net assets with donor restrictions	<u>314,194</u>	<u>368,445</u>
Change in Net Assets	<u>1,771,220</u>	<u>361,725</u>
Net Assets, Beginning	<u>5,021,581</u>	<u>4,659,856</u>
Net Assets, Ending	<u>\$ 6,792,801</u>	<u>\$ 5,021,581</u>

See accompanying notes to the financial statements.

Humane Society of South Coastal Georgia, Inc.

Statement of Functional Expenses

For the Year Ended December 31, 2020

	<u>Supporting Services</u>				<u>Total</u>
	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Salaries	\$ 320,521	\$ 87,321	\$ 24,256	\$ 111,577	\$ 432,098
Payroll taxes	24,596	7,486	3,565	11,051	35,647
Employee expenses	2,635	194	-	194	2,829
Automobile expenses	347	87	-	87	434
Food	3,200	-	-	-	3,200
Kennel supplies	9,070	5,499	-	5,499	14,569
Veterinary expenses	97,195	295	-	295	97,490
Veterinary service	22,790	-	-	-	22,790
Repairs and maintenance	31,742	-	203	203	31,945
Utilities	49,957	2,629	4,231	6,860	56,817
Office expenses	26,019	2,605	-	2,605	28,624
Insurance	13,278	4,198	-	4,198	17,476
Professional fees	-	15,945	-	15,945	15,945
Publicity and education	183	54,955	-	54,955	55,138
Telephone	4,543	239	-	239	4,782
Taxes and licenses	430	192	-	192	622
Travel and training	502	-	-	-	502
Miscellaneous	5,360	33	-	33	5,393
Special events	129	32	13,952	13,984	14,113
Cost of goods sold	6,921	-	85,011	85,011	91,932
Bank charges	9,526	2,381	-	2,381	11,907
Total expenses					
before depreciation	628,944	184,091	131,218	315,309	944,253
Depreciation	64,542	-	-	-	64,542
Total Expenses	<u>\$ 693,486</u>	<u>\$ 184,091</u>	<u>\$ 131,218</u>	<u>\$ 315,309</u>	<u>\$ 1,008,795</u>

See accompanying notes to the financial statements.

Humane Society of South Coastal Georgia, Inc.

Statement of Functional Expenses

For the Year Ended December 31, 2019

	<u>Supporting Services</u>				<u>Total</u>
	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Salaries	\$ 321,301	\$ 77,610	\$ 21,558	\$ 99,168	\$ 420,469
Payroll taxes	24,315	7,400	3,524	10,924	35,239
Employee expenses	2,628	229	-	229	2,857
Automobile expenses	503	126	-	126	629
Food	6,752	-	-	-	6,752
Kennel supplies	19,689	225	-	225	19,914
Veterinary expenses	100,041	160	-	160	100,201
Veterinary service	45,924	-	-	-	45,924
Repairs and maintenance	33,498	-	-	-	33,498
Utilities	57,084	3,003	4,612	7,615	64,699
Office expenses	26,876	3,576	-	3,576	30,452
Insurance	10,077	7,961	-	7,961	18,038
Professional fees	-	15,770	-	15,770	15,770
Publicity and education	-	40,052	-	40,052	40,052
Telephone	4,854	255	-	255	5,109
Taxes and licenses	450	192	-	192	642
Travel and training	984	-	-	-	984
Miscellaneous	6,105	-	-	-	6,105
Special events	533	-	124,122	124,122	124,655
Donations	-	100	-	100	100
Bad debt	3	-	-	-	3
Cost of goods sold	4,465	-	81,997	81,997	86,462
Bank charges	8,401	2,099	-	2,099	10,500
Total expenses					
before depreciation	674,483	158,758	235,813	394,571	1,069,054
Depreciation	63,226	-	-	-	63,226
Total Expenses	<u>\$ 737,709</u>	<u>\$ 158,758</u>	<u>\$ 235,813</u>	<u>\$ 394,571</u>	<u>\$ 1,132,280</u>

See accompanying notes to the financial statements.

Humane Society of South Coastal Georgia, Inc.

Statements of Cash Flows

For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 1,771,220	\$ 361,725
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	64,542	63,226
Distribution from perpetual trust	149,655	131,231
Changes in assets and liabilities:		
Inventories	2,035	(3,699)
Other current assets	(500)	-
Perpetual trust held by others	(343,849)	(499,676)
Promises to give	(120,000)	-
Accounts payable	(15,343)	15,094
Sales tax payable	114	93
Payroll taxes payable	389	(2,967)
Accrued expenses	4,130	(1,841)
<i>Net Cash Provided by Operating Activities</i>	<u>1,512,393</u>	<u>63,186</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	(19,744)	(13,630)
<i>Net Cash Required by Investing Activities</i>	<u>(19,744)</u>	<u>(13,630)</u>
Net Change in Cash and Cash Equivalents	<u>1,492,649</u>	<u>49,556</u>
Cash and Cash Equivalents, Beginning	<u>553,644</u>	<u>504,088</u>
Cash and Cash Equivalents, Ending	<u>\$ 2,046,293</u>	<u>\$ 553,644</u>
Supplemental disclosure of non-cash information		
Value of in-kind contributions received	<u>\$ 85,574</u>	<u>\$ 140,872</u>

See accompanying notes to the financial statements.

Humane Society of South Coastal Georgia, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – The Humane Society of South Coastal Georgia, Inc. (the “Society”) is a not-for-profit independent animal shelter located in Brunswick, Georgia, providing a haven for stray, abandoned and injured animals. The Society’s services include animal adoptions, animal cruelty prevention and a spay and neutering program. The Society is governed by a Board of Directors consisting of fourteen to twenty members and derives its operating funds primarily through donor contributions. The Society was incorporated in the State of Georgia on December 29, 1967.

In 2018, the Society opened a retail thrift store, The Big Flea Quality Resale Store (“The Big Flea”). Sales from The Big Flea are used for fundraising purposes to support the mission and operations of the Society.

Basis of Presentation – The Society follows the provisions of generally accepted accounting principles in the United States of America (“GAAP”) for not-for-profit organizations which require the reporting of total assets, liabilities, and net assets in a statement of financial position; reporting the change in net assets in a statement of activities; and reporting the sources and uses of cash and cash equivalents in a statement of cash flows. To ensure observance of limitations and restrictions placed on the use of resources available to the Society, the resources are classified for accounting and reporting purposes into categories established according to their nature and purpose. Net assets and revenues, gains, expenses, and losses are classified as “net assets without donor restrictions” or “net assets with donor restrictions” as follows:

Net Assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Society.

Net Assets with donor restrictions – Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Society pursuant to those stipulations or that expire by the passage of time; or are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Accounting Standards: In 2019, the Society adopted ASC 606, *Revenue from Contracts with Customers* (“ASC 606”), which amends the guidance for revenue recognition to replace numerous, industry specific requirements. ASC 606 outlines a five-step process for customer contract revenue recognition that focuses on transfer of control, as opposed to transfer of risk and rewards. Certain categories of the Society’s revenue are included in the scope of ASC 606; however, revenue recognized under the standard does not differ significantly from revenue recognized under the previous guidance. Contributions and investment income are not within the scope of ASC 606. The Society adopted the standard using the modified retrospective approach, and accordingly, the new guidance was applied retrospectively to contracts that were not completed as of January 1, 2019. The adoption of this standard has no impact on the statements of financial position or the statements of activities and changes in net assets.

Humane Society of South Coastal Georgia, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

On January 1, 2019, the Society adopted the provisions of Accounting Standards Update No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (“ASU 2018-08”). ASU 2018-08 states that a grant is conditional if the terms and conditions of the agreement require that the recipient overcome a barrier to be entitled to the resources, and if the grantor is released from its obligation to transfer resources (or if resources were advanced, has the right to demand their return) if the recipient fails to overcome the barrier. Both conditions must be present in order for an agreement to be conditional. The cumulative effect adjustment to net assets was insignificant as of January 1, 2019.

Revenue Recognition – The Society prepares its financial statements in accordance with the accrual method of accounting. Support, revenues, and expenses are recognized and reported in the accounting period when they are earned and incurred rather than when cash is received or paid.

Revenue related to adoptions, veterinary services, the sale of kennel products, and thrift store sales are recognized at the point of sale or when the services are performed. These transactions generally include a single performance obligation that is satisfied at a point in time and payment is due at the time of the service or sale. Obligations for returns, refunds, and warranties have not historically been significant.

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

Contributions that are expected to be received in future years are recorded at the present value of their estimated future cash flows. Amortization of the discounts is included in contributions in the accompanying statements of activities. Promises to give are reviewed for collectability and reserves are established for estimated uncollectable amounts based on prior years’ experience and management’s analysis of specific promises made. Management believes that all promises to give are collectible, and therefore, no allowances have been established. Discounts on unconditional promises to give were insignificant at December 31, 2020 and 2019.

Humane Society of South Coastal Georgia, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Revenue disaggregated by the timing of satisfaction of performance obligations is as follows for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Performance obligations satisfied at a point in time	\$ 216,075	\$ 226,829
Support not in the scope of ASC 606	<u>2,563,940</u>	<u>1,267,176</u>
Total revenues, gains, and other support	<u>\$ 2,780,015</u>	<u>\$ 1,494,005</u>

Cash and Cash Equivalents – The Society considers all highly liquid investments that are readily convertible into cash with maturity of three months or less when purchased to be cash and cash equivalents.

On occasion, the Society maintains cash balances on deposit with financial institutions in excess of federally insured limits. Management continually monitors the soundness of these financial institutions and believes the exposure of loss to be minimal.

Inventory – Inventory consists of merchandise in the Society’s retail store and is stated at the lower of cost or market on a first in, first out basis (FIFO). The Society also receives contributions of goods and materials and processes these contributions as merchandise available for sale in its retail thrift store. The inventory at year end is calculated by taking 1/12th of the estimated fair value of the goods donated for sale during the year.

Perpetual Trust Held by Others – The Society is the sole beneficiary of the Humane Society of South Coastal Georgia Consolidated Trust (the “Consolidated Trust”), a perpetual irrevocable trust held and administered by independent trustees. Under the terms of the Consolidated Trust, the Society has the right to petition the Consolidated Trust for distributions, but the aggregate amount of annual distributions generally cannot exceed 5% of the net fair market value of the assets of the Consolidated Trust as of the first day of each applicable year. The fair value of the beneficial interest in the Consolidated Trust was recognized as an asset and as a restricted contribution at the date the Consolidated Trust was established. The Society’s estimate of fair value is based on fair value information received from the trustee. The Consolidated Trust assets are not subject to the control or direction by the Society. Gains and losses, which are not distributed by the Consolidated Trust are reflected as a change in value of perpetual trust held by others in the statements of activities.

Humane Society of South Coastal Georgia, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Below is a summary of the assets of the Consolidated Trust at December 31 as provided to the Society by the trustee:

	2020		2019	
	Market	Cost	Market	Cost
Equities	\$ 2,194,907	\$ 1,350,601	\$ 2,144,404	\$ 1,574,189
Fixed income	709,050	695,784	604,236	594,332
Total investments	2,903,957	2,046,385	2,748,640	2,168,521
Money market funds	205,788	205,788	165,565	165,565
Note receivable	75,000	75,000	75,000	75,000
Accrued interest income	2,524	-	3,870	-
Total account balance	<u>\$ 3,187,269</u>	<u>\$ 2,327,173</u>	<u>\$ 2,993,075</u>	<u>\$ 2,409,086</u>

Property and Equipment – Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the individual assets. Donated property and equipment are recorded at the estimated fair market value on the date received. Maintenance and repairs are charged to expense as incurred. Major repairs and improvements are capitalized and depreciated at the applicable straight-line rates. The cost and accumulated depreciation of property retired, sold or disposed of are removed from the related accounts with any gain or loss credited or charged to income. Estimated useful lives of assets are as follows:

Type of Property	Estimated Useful Life
Fencing and paving	10-20 years
Building improvements	5-40 years
Equipment	5-25 years

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management and are primarily based on direct allocation, headcount, and time devoted to each category. Fundraising activities involve encouraging potential donors to contribute money, securities, services, materials, facilities, other assets, or time. They include publicizing and conducting fundraising campaigns, maintaining donor mailing lists, conducting special fundraising events, operating costs of The Big Flea, and conducting other activities involved with soliciting contributions from individuals, foundations, and others.

Income Taxes –The Society is a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code, and as such, generally is not subject to income taxes except for income for unrelated business activity.

Humane Society of South Coastal Georgia, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

The Society files informational returns in the U.S. federal jurisdiction and one state jurisdiction. Interest and penalties are expensed as incurred. There were no interest and penalties charged to expense for the years ended December 31, 2020 and 2019.

GAAP provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in the Society's financial statements. Management has evaluated the implications of these standards and has not identified any uncertain tax positions for the Society; therefore, no tax expense or accruals for uncertain tax positions are included in the accompanying financial statements.

Donated Services and Goods – Contributions of services are recognized when received if such services (a) enhance nonfinancial assets or (b) require specialized skill, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. During the years ended December 31, 2020 and 2019, the value of contributed services meeting the requirement for recognition in the financial statements was not material and has not been recorded.

Contributions of assets are recognized at the estimated fair value at the date of the donation. The Society reports donated assets as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. During the years ended December 31, 2020 and 2019, the Society received donated assets in the amount of \$85,574 and \$140,872, respectively.

Estimates – The preparation of financial statements in conformity with GAAP 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 support, revenues and expenses during the reported period. Actual results could differ from those estimates.

Reclassifications – Certain prior year amounts have been reclassified to conform to current year presentation. These reclassifications had no effect on the financial position, change in net assets, or cash flows for either period presented.

NOTE 2 – PROMISES TO GIVE

Promises to Give – Promises to give at December 31, 2020 are as follows:

Less than one year	\$	-
One year to five years		<u>120,000</u>
	\$	<u><u>120,000</u></u>

There were no promises to give at December 31, 2019.

Humane Society of South Coastal Georgia, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Perpetual trust held by others	\$ 3,187,269	\$ 2,993,075
Time-restricted promises to give	120,000	-
Capital campaign liability, net of pledges	<u>(75,000)</u>	<u>(75,000)</u>
	<u>\$ 3,232,269</u>	<u>\$ 2,918,075</u>

NOTE 4 - FAIR VALUE MEASUREMENTS

In accordance with the authoritative guidance on fair value measurements and disclosures under GAAP, the Society discloses and recognizes the fair value of its assets and liabilities using a 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 guidance establishes three levels of fair value as follows:

Level 1 — Valuation is based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical investments.

Level 2 — Valuation is based on inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 — Valuation is based on unobservable inputs as they trade infrequently or not at all.

The Society's Level 3 assets subject to fair value measurement on a recurring basis consist of beneficial interest in the Consolidated Trust. The Society relies on fair value information provided by the trustees to measure and report the fair value of its beneficial interest in the Consolidated Trust. The inputs or methodology used for valuing the Society's beneficial interest in the Consolidated Trust are not necessarily an indication of the risk associated with the underlying investments held by the Consolidated Trust. The common stocks are valued at their quoted market price in active markets.

Humane Society of South Coastal Georgia, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Assets as of December 31, 2020 measured at fair value are summarized below:

	Level 1	Level 2	Level 3	Total
Perpetual trust held by others	\$ -	\$ -	\$ 3,187,269	\$ 3,187,269
Total	\$ -	\$ -	\$ 3,187,269	\$ 3,187,269

Assets as of December 31, 2019 measured at fair value are summarized below:

	Level 1	Level 2	Level 3	Total
Perpetual trust held by others	\$ -	\$ -	\$ 2,993,075	\$ 2,993,075
Total	\$ -	\$ -	\$ 2,993,075	\$ 2,993,075

Changes in assets measured at fair value using Level 3 inputs are as follows:

Balance at December 31, 2018	\$ 2,624,630
Distributions received from the Consolidated Trust	(131,231)
Total gains and losses, net of fees	499,676
Balance at December 31, 2019	2,993,075
Distributions received from the Consolidated Trust	(149,655)
Total gains and losses, net of fees	343,849
Balance at December 31, 2020	\$ 3,187,269

Investment fees for the years ending December 31, 2020 and 2019 were \$34,948 and \$34,759, respectively.

Humane Society of South Coastal Georgia, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Land	\$ 152,822	\$ 152,822
Fencing & paving	17,143	17,143
Building improvements	1,822,322	1,822,322
Equipment	104,749	85,005
Vehicles	<u>33,000</u>	<u>33,000</u>
Total	2,130,036	2,110,292
Less: accumulated depreciation	<u>(609,371)</u>	<u>(544,829)</u>
Property & Equipment, net	<u>\$ 1,520,665</u>	<u>\$ 1,565,463</u>

Depreciation expense as of December 31, 2020 and 2019 totaled \$64,542 and \$63,226, respectively.

NOTE 6 - LINE OF CREDIT

During 2020 and 2019, the Society had an available line of credit of \$100,000 with a financial institution. The interest rate on the line of credit is the prime rate offered by the financial institution and was 4.75% at December 31, 2019. The line of credit was secured by the assets of the Society. The balance of this line of credit was zero as of December 31, 2019, and matured in April 2020. The Society did not renew the line of credit.

NOTE 7 - ADVANCE FROM PERPETUAL TRUST

During 2011, the Consolidated Trust made special distributions to the Society in the aggregate amount of \$450,000. The special distributions were made to provide advance funding for construction of a new animal shelter. Under a capital campaign to raise funds for the animal shelter construction, the Society had received or anticipated receiving pledges from donors earmarked for the animal shelter construction. Under the original terms of the special distribution, the Society is required to repay from capital campaign pledge collections the amount of the advance funding received from the Consolidated Trust. For the years ended December 31, 2020 and 2019, the total capital campaign pledge receivable balance is not sufficient to cover the balance of the loan. As of December 31, 2020 and 2019, the loan balance was \$75,000. At December 31, 2020 and 2019, there was no outstanding pledge balance earmarked for animal shelter construction. The remaining balance of the note is expected to be paid out of the Society's operating account. There is no stated interest rate and the balance is due on demand.

Humane Society of South Coastal Georgia, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

NOTE 8 – LIQUIDITY AND AVAILABILITY OF FINANCIAL NET ASSETS

The Society has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability; maintaining adequate liquidity to fund near-term operations; and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. Financial assets available for general expenditure, that is, without donor or other restrictions limiting use, comprise the following:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 2,046,293	\$ 553,644
Perpetual trust held by others	3,187,270	2,993,075
Promises to give	<u>120,000</u>	<u>-</u>
Total financial assets at year-end	5,353,563	3,546,719
Less amounts not available to be used within one year:		
Perpetual trust held by others	3,187,270	2,993,075
Time-restricted promises to give	<u>120,000</u>	<u>-</u>
Total amounts not available to be used within one year	3,307,270	2,993,075
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,046,293</u>	<u>\$ 553,644</u>

NOTE 9 – RISKS AND UNCERTAINTIES

The coronavirus outbreak has disrupted the U.S. and global economies, which could potentially cause significant overall market declines that could affect the Society’s results of operations and financial position. The length and severity of the coronavirus outbreak and its impact on the U.S. and global economies is unknown. The extent to which these events will impact the Society’s results of operations and financial position remains uncertain. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 10 – PPP PROCEEDS

In April 2020, the Society issued a note payable totaling \$87,407 to a lender pursuant to the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act’s Paycheck Protection Program (“PPP”). The loan was unsecured and interest on the outstanding balance accrued at 1.00% per annum. The Society had received forgiveness of the PPP note as of the issuance date of these financial statements. Management has elected to include the PPP note in Other Income

Humane Society of South Coastal Georgia, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

on the accompanying statement of activities and it is included in change in net assets on the statement of cash flows.

NOTE 11 - SUBSEQUENT EVENTS

The Society has evaluated subsequent events occurring after December 31, 2020 through November 30, 2021, which is the date on which the financial statements were available for issuance.

In January 2021, the Society was granted full forgiveness of their PPP note under the CARES Act (see Note 10).

In January 2021, the Company issued an additional \$87,406 PPP note payable. The full balance of the note was forgiven in July 2021.

No other significant events occurred subsequent to the statement of financial position date but prior to the issuance that would have a material impact on the financial statements or disclosures.