

PET COMMUNITY CENTER, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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Independent Auditors' Report

To the Board of Directors
Pet Community Center, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Pet Community Center, Inc. (a not-for-profit corporation), which comprise the statements of financial position as of December 31, 2019 and 2018, 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 auditors' 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 Pet Community Center, Inc. as of December 31, 2019 and 2018, 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.

A handwritten signature in blue ink that reads "Blankenship CPA Group, PLLC".

Blankenship CPA Group, PLLC
Brentwood, Tennessee
September 16, 2020

PET COMMUNITY CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets:		
Cash	\$ 165,194	\$ 263,810
Restricted cash	21,250	48,790
Accounts receivable	24,590	33,112
Grants receivable	25,000	30,000
Contributions receivable	5,900	6,200
Inventory	55,168	58,306
Total Current Assets	<u>297,102</u>	<u>440,218</u>
 Contributions receivable, less current portion	 30,000	 37,500
Property and equipment, net	119,274	56,820
Cash restricted for capital campaign	135,260	102,460
Security deposit	<u>1,573</u>	<u>1,573</u>
 Total Assets	 <u><u>\$ 583,209</u></u>	 <u><u>\$ 638,571</u></u>
 Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 26,235	\$ 22,239
Accrued expenses	<u>65,461</u>	<u>54,027</u>
Total Current Liabilities	<u>91,696</u>	<u>76,266</u>
 Net Assets:		
Without donor restrictions	274,103	337,355
With donor restrictions	<u>217,410</u>	<u>224,950</u>
Total Net Assets	<u>491,513</u>	<u>562,305</u>
 Total Liabilities and Net Assets	 <u><u>\$ 583,209</u></u>	 <u><u>\$ 638,571</u></u>

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

PET COMMUNITY CENTER, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:						
Program revenues:						
Spay and neuter services	\$ 334,796	\$ -	\$ 334,796	\$ 270,057	\$ -	\$ 270,057
Ancillary services	857,563	-	857,563	617,630	-	617,630
Total program revenues	<u>1,192,359</u>	<u>-</u>	<u>1,192,359</u>	<u>887,687</u>	<u>-</u>	<u>887,687</u>
Public support and other revenues:						
Contributions - operations	350,207	-	350,207	287,783	-	287,783
Contributions - capital campaign	-	117,304	117,304	-	146,160	146,160
Grants	-	157,090	157,090	-	167,500	167,500
Special events	182,528	-	182,528	191,393	-	191,393
In-kind revenue	28,732	-	28,732	24,015	-	24,015
Miscellaneous revenue	4,595	-	4,595	733	-	733
Net assets released in satisfaction of restrictions	281,934	(281,934)	-	187,538	(187,538)	-
Total public support and other revenues	<u>847,996</u>	<u>(7,540)</u>	<u>840,456</u>	<u>691,462</u>	<u>126,122</u>	<u>817,584</u>
Total revenues	<u>2,040,355</u>	<u>(7,540)</u>	<u>2,032,815</u>	<u>1,579,149</u>	<u>126,122</u>	<u>1,705,271</u>
Expenses:						
Program services	1,727,013	-	1,727,013	1,281,756	-	1,281,756
Management and general	148,768	-	148,768	119,088	-	119,088
Fundraising	227,826	-	227,826	154,451	-	154,451
Total expenses	<u>2,103,607</u>	<u>-</u>	<u>2,103,607</u>	<u>1,555,295</u>	<u>-</u>	<u>1,555,295</u>
Change in net assets	(63,252)	(7,540)	(70,792)	23,854	126,122	149,976
Net assets, beginning of year	<u>337,355</u>	<u>224,950</u>	<u>562,305</u>	<u>313,501</u>	<u>98,828</u>	<u>412,329</u>
Net assets, end of year	<u>\$ 274,103</u>	<u>\$ 217,410</u>	<u>\$ 491,513</u>	<u>\$ 337,355</u>	<u>\$ 224,950</u>	<u>\$ 562,305</u>

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

PET COMMUNITY CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

		Supporting Services			Total Expenses
		Management and General	Fundraising	Total	
Program Services					
Bad debt expense	\$ 717	\$ -	\$ -	\$ -	\$ 717
Bank and credit card fees	15,899	443	400	843	16,742
Contract services	-	32,400	-	32,400	32,400
Cost of goods sold	412,233	-	-	-	412,233
Depreciation	29,850	-	-	-	29,850
Facilities and maintenance	55,868	27,838	-	27,838	83,706
Marketing	4,702	-	3,140	3,140	7,842
Office supplies	7,542	904	500	1,404	8,946
Other expenses	830	8,150	610	8,760	9,590
Payroll expenses	1,087,915	68,553	179,692	248,245	1,336,160
Postage and shipping	349	128	1,520	1,648	1,997
Printing and copying	3,961	325	693	1,018	4,979
Program supplies and expenses	36,099	-	-	-	36,099
Rabies licenses	59,528	-	-	-	59,528
Recruitment	276	238	35	273	549
Registration fees	2,715	260	-	260	2,975
Special events	-	-	37,991	37,991	37,991
Subscriptions	3,889	2,948	1,973	4,921	8,810
Telephone and communications	737	960	-	960	1,697
Travel and meetings	3,903	5,621	1,272	6,893	10,796
	<u>\$ 1,727,013</u>	<u>\$ 148,768</u>	<u>\$ 227,826</u>	<u>\$ 376,594</u>	<u>\$ 2,103,607</u>

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

PET COMMUNITY CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

		Supporting Services			
		Management and General	Fundraising	Total	
	Program Services				Total Expenses
Bad debt expense	\$ 105	\$ -	\$ -	\$ -	\$ 105
Bank and credit card fees	11,675	187	390	577	12,252
Contract services	1,104	40,200	-	40,200	41,304
Cost of goods sold	305,233	-	-	-	305,233
Depreciation	40,807	521	-	521	41,328
Facilities and maintenance	53,713	15,704	-	15,704	69,417
Marketing	198	2,879	2,643	5,522	5,720
Office supplies	7,276	592	442	1,034	8,310
Other expenses	587	3,967	223	4,190	4,777
Payroll expenses	773,365	43,640	114,922	158,562	931,927
Postage and shipping	308	147	957	1,104	1,412
Printing and copying	2,212	-	2,018	2,018	4,230
Program supplies and expenses	26,119	-	-	-	26,119
Rabies licenses	44,248	-	-	-	44,248
Recruitment	2,459	386	-	386	2,845
Registration fees	1,549	260	-	260	1,809
Special events	-	-	30,504	30,504	30,504
Subscriptions	3,554	4,951	1,564	6,515	10,069
Telephone and communications	1,159	1,015	176	1,191	2,350
Travel and meetings	6,085	4,639	612	5,251	11,336
	<u>\$ 1,281,756</u>	<u>\$ 119,088</u>	<u>\$ 154,451</u>	<u>\$ 273,539</u>	<u>\$ 1,555,295</u>

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

PET COMMUNITY CENTER, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (70,792)	\$ 149,976
Adjustments to reconcile (decrease) increase in net assets to net cash (used) provided by operating activities:		
Depreciation	29,850	41,328
Contributions for capital campaign	(81,404)	(102,460)
Bad debt expense	717	105
Donated property and equipment	(92,304)	-
Increase (decrease) in:		
Accounts receivable	7,805	9,598
Grants receivable	5,000	(19,568)
Contributions receivable	7,800	(43,700)
Inventory	3,138	(35,502)
Security deposit	-	(1,449)
Accounts payable	3,996	9,171
Accrued expenses	11,434	14,079
Total adjustments	<u>(103,968)</u>	<u>(128,398)</u>
Net cash (used) provided by operating activities	<u>(174,760)</u>	<u>21,578</u>
Cash flows from investing activities:		
Purchase of property and equipment	-	(4,451)
Net cash used by investing activities	<u>-</u>	<u>(4,451)</u>
Cash flows from financing activities:		
Proceeds received from contributions restricted for capital campaign	81,404	102,460
Net cash provided by financing activities	<u>81,404</u>	<u>102,460</u>
Net (decrease) increase in cash	(93,356)	119,587
Cash and restricted cash, beginning of year	<u>415,060</u>	<u>295,473</u>
Cash and restricted cash, end of year	<u>\$ 321,704</u>	<u>\$ 415,060</u>
Reconciliation to statement of financial position:		
Cash	\$ 165,194	\$ 263,810
Restricted cash	21,250	48,790
Cash restricted for capital campaign	<u>135,260</u>	<u>102,460</u>
Total	<u>\$ 321,704</u>	<u>\$ 415,060</u>
Supplemental cash flow disclosures:		
Noncash investing activities		
Property and equipment acquired through capital contributions	<u>\$ 92,304</u>	<u>\$ -</u>

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

PET COMMUNITY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Pet Community Center, Inc. (the Organization) is a not-for-profit community service agency founded in March 2011. The Organization's major programs include free and low-cost spay/neuter, pet wellness and outreach services to various private, not-for-profit and government entities in Middle Tennessee. The spay/neuter program is designed to address the issue of pet homelessness and shelter euthanasia in Middle Tennessee. The mobile wellness clinic provides low-cost, walk-in services for pets, including vaccines and preventive medicine. The goal of the mobile clinic is to provide preventive care that can reduce the number of pet owners relinquishing their pets to a shelter due to lack of access to affordable pet care. The mobile clinic also serves as an outreach program to share information about spay/neuter with pet owners.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with US GAAP, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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

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

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

Estimates

The preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

PET COMMUNITY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash consists principally of checking and savings account balances with financial institutions. As of December 31, 2019 and 2018, there were no cash equivalents.

Accounts Receivable

Accounts receivable are stated at unpaid balances. Receivables are written off in the period in which management deems the balance to be uncollectible. The Organization expects to fully collect these items; therefore no allowance for uncollectible accounts has been recorded in the financial statements.

Contributions and Grants Receivable

Contributions and grants receivable represent the unconditional promises to give unless specifically restricted by the donor. The Organization has evaluated the allowance for uncollectible contributions and the discount to net present value and determined the estimated amounts are not material to the financial statements.

Inventory

Inventories, representing surgical supplies, vaccinations and medicine, are stated at the lower of cost or market determined by the first-in, first-out method.

Property, Equipment, and Depreciation

Equipment, furniture, vehicles and leasehold improvements purchased in excess of \$500 are capitalized and stated at acquisition cost or at estimated fair value at the time of the gift, if donated. If donors stipulate how long the assets must be used, the contributions are recorded as net assets with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as net assets without donor restrictions.

Depreciation of property and equipment is calculated by the straight-line method over estimated useful lives which range from 3 to 5 years.

Impairment of Long-lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. There were no impairment charges recognized during the years ended December 31, 2019 and 2018.

PET COMMUNITY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reported in the statements of activities as net assets released in satisfaction of restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Donated Goods and Services

Donated services are recognized if they create or enhance nonfinancial assets or the donated service requires specialized skills, was performed by a donor who possesses such skills, and would have been purchased by the Organization if not donated. Such services are recognized at estimated fair value as support and expense in the period the services were performed.

A number of unpaid volunteers have made significant contributions of their time to assist the Organization in implementing various programs. The value of contributed time is not reflected in these financial statements in accordance with US GAAP.

Income Taxes

The Organization is exempt from income tax under Internal Revenue Code (IRC) section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the IRC. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Advertising

Advertising is expensed as incurred. Total advertising expense for the years ended December 31, 2019 and 2018 was \$7,842 and \$5,720, respectively.

PET COMMUNITY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program or activity based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management.

The expenses that are allocated include the following:

Expense	Method of Allocation
Bank and credit card fees	Time and effort
Contract services	Time and effort
Depreciation	Square footage
Facilities and maintenance	Square footage
Marketing	Time and effort
Office supplies	Time and effort
Other expenses	Time and effort
Payroll expenses	Time and effort
Postage and shipping	Time and effort
Printing and copying	Time and effort
Recruitment	Time and effort
Registration fees	Time and effort
Subscriptions	Time and effort
Telephone and communications	Time and effort
Travel and meetings	Time and effort

New Accounting Pronouncements

On January 1, 2019, the Organization adopted ASU 2014-09, *Revenue from Contracts with Customers and all subsequent amendments to the ASU* (collectively, ASC 606), which supersedes most existing revenue recognition guidance and outlines a single comprehensive standard for revenue recognition across all industries. ASC 606 requires revenue to be recognized in an amount that reflects the consideration the entity expects to be entitled to in an exchange of goods or services. The Organization performed an analysis of revenue streams and transitions to determine in-scope applicability. The adoption of ASC 606 did not materially impact the financial statements and related disclosures.

On January 1, 2019, the Organization adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The adoption of this ASU resulted in the treatment of most governmental grants as donor-restricted conditional contributions rather than exchange transactions. The new standard also clarified the criteria for evaluating whether contributions are unconditional or conditional. The adoption of this ASU changed the accounting for grants receivable.

PET COMMUNITY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019 AND 2018

NOTE 3 – AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31:

	<u>2019</u>	<u>2018</u>
Financial assets at year-end:		
Cash	\$ 321,704	\$ 415,060
Accounts receivable	24,590	33,112
Grants receivable	25,000	30,000
Contributions receivable	35,900	43,700
Total financial assets	<u>407,194</u>	<u>521,872</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	217,410	224,950
Less net assets with purpose restrictions to be met in less than a year	<u>(46,250)</u>	<u>(78,790)</u>
	<u>171,160</u>	<u>146,160</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 236,034</u></u>	<u><u>\$ 375,712</u></u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is placed in a money market account.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Less than one year	\$ 5,900	\$ 6,200
Over one year	<u>30,000</u>	<u>37,500</u>
	<u><u>\$ 35,900</u></u>	<u><u>\$ 43,700</u></u>

PET COMMUNITY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019 AND 2018

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Clinic equipment	\$ 186,292	\$ 93,988
Leasehold improvements	43,616	43,616
Office furniture and equipment	4,957	4,957
Vehicles	111,881	111,881
	<u>346,746</u>	<u>254,442</u>
Less accumulated depreciation	<u>(227,472)</u>	<u>(197,622)</u>
	<u><u>\$ 119,274</u></u>	<u><u>\$ 56,820</u></u>

NOTE 6 – ACCRUED EXPENSES

Accrued expenses consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Credit card payable	\$ 24,114	\$ 24,416
Payroll taxes and benefits payable	12,438	11,066
Accrued payroll	28,909	18,545
	<u><u>\$ 65,461</u></u>	<u><u>\$ 54,027</u></u>

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2019</u>	<u>2018</u>
Spay/neuter/various surgeries	\$ 35,000	\$ 67,790
General programs	5,000	10,000
Wellness	6,250	1,000
Capital campaign	171,160	146,160
	<u><u>\$ 217,410</u></u>	<u><u>\$ 224,950</u></u>

PET COMMUNITY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019 AND 2018

NOTE 8 – OPERATING LEASES

The Organization leases various office space and storage units. The office space lease expired in May 2019 and is leased on a monthly basis subsequent to the expiration date. The storage leases are currently on a monthly basis. The future minimum lease payments under the office space agreement at December 31, 2019 are as follows:

<u>Year ending December 31:</u>	
2020	<u>\$ 6,447</u>

Rent expense for the years ended December 31, 2019 and 2018 was \$71,425 and \$57,183, respectively, and are included in facilities and maintenance costs on the statements of functional expenses.

NOTE 9 – RELATED PARTIES

The Organization has a conflict of interest policy and any related party transactions must be reviewed and approved in advance. The Organization purchases professional services through certain directors. The Organization also holds a money market account at a bank a director is employed.

NOTE 10 – CONCENTRATIONS

As of December 31, 2019 and 2018, approximately 83% and 77% of accounts, grants, and contributions receivable, respectively, were receivable from four contributors.

NOTE 11 – RETIREMENT PLAN

Effective February 1, 2019, Pet Community Center, Inc. established a 403(b) retirement plan eligible to certain tax-exempt organizations under Internal Revenue Code (IRC) section 501(c)(3). All eligible employees are allowed to participate in the plan as of their employment commencement date (the universal availability rule). An employer may, but is not required to, contribute to the 403(b) plan for employees. As of December 31, 2019, the Pet Community Center, Inc., has not contributed to the plan.

NOTE 12 – RECENT ACCOUNTING PRONOUNCEMENTS

In February 2016, the Financial Accounting Standards Board issued ASU 2016-02, *Leases* (Topic 842) (ASU 2016-02), to supersede nearly all existing lease guidance under US GAAP. ASU 2016-02 requires the recognition of lease assets and lease liabilities on the balance sheet by lessees for those leases currently classified as operating leases. ASU 2016-02 also requires qualitative disclosures along with specific quantitative disclosures and is effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early application is permitted. Entities are required to apply the amendments at the beginning of the earliest period presented using a modified retrospective approach. The Organization is currently evaluating the effect of this pronouncement on its policies, procedures, and financial statements.

PET COMMUNITY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019 AND 2018

NOTE 13 – SUBSEQUENT EVENTS

The Organization's management has evaluated subsequent events through September 16, 2020, the date on which the financial statements were available to be issued.

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economy and financial markets, including the geographical area in which the Organization operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Organization, to date the Organization has not experienced significant changes in its operations. While the disruption is currently expected to be temporary, there is uncertainty around the duration. The ultimate impact of the pandemic on the Organization's results of operations and financial position cannot be reasonably estimated at this time.

On April 14, 2020, the Organization received a loan in the amount of \$274,153 in accordance with the Paycheck Protection Program section of the Coronavirus Air, Relief, and Economic Security Act (the CARES Act). Under this loan program, the entity may be eligible for forgiveness of some portion of the loan up to 100%, if and when qualifying conditions are met. Accounting for the loan and any future forgiveness could have an impact on future financial reporting. As of the report date, management is actively monitoring qualifying conditions to maximize future loan forgiveness.