

**HUMANE SOCIETY  
OF  
ST. LUCIE COUNTY, INC.**

*Financial Statements*

Year Ended September 30, 2014

## Index

Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 9

# McAlpin Cavalcanti & Lewis

C P A

## INDEPENDENT AUDITOR'S REPORT

To the Board Members  
Humane Society of St. Lucie County, Inc.  
Fort Pierce, Florida

### Report of the Financial Statements

We have audited the accompanying financial statements of the Humane Society of St. Lucie County, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2014, and the related statements of activities, functional expenses and cash flows for the year 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 St. Lucie County, Inc. as of September 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



McAlpin Cavalcanti & Lewis, CPAs  
Fort Pierce, Florida  
September 28, 2015

**HUMANE SOCIETY OF ST. LUCIE COUNTY, INC.**

Statement of Financial Position

September 30, 2014

**ASSETS**

Current Assets

Cash and cash equivalents	\$	633,498
Contracts receivable		18,196
Prepaid insurance		12,773
Deposits and other assets		<u>40</u>

Total current assets 664,507

Property and Equipment

Buildings and improvements		4,173,616
Furniture and equipment		253,200
Vehicles		75,958
Land		<u>173,561</u>
		<u>4,676,335</u>

Less accumulated depreciation 899,530

Net property and equipment 3,776,805

Other Assets

Loan costs, net of amortization 6,067

Total Assets \$ 4,447,379

**LIABILITIES AND NET ASSETS**

Current Liabilities

Accounts payable	\$	28,908
Accrued liabilities		31,163
Current portion of long term debt		<u>107,459</u>
Total current liabilities		<u>167,530</u>

Long Term Liabilites

Mortgage less current portion 1,059,016

Total liabilities \$ 1,226,546

Net Assets

Unrestricted:

Undesignated		3,165,437
Temporarily restricted		<u>55,396</u>

Total net assets 3,220,833

Total liabilities and net assets \$ 4,447,379

See accompanying notes to financial statements

**HUMANE SOCIETY OF ST. LUCIE COUNTY, INC.**

Statement of Activities

Year Ended September 30, 2014

	Unrestricted	Temporarily Restricted	Total
<b>PUBLIC SUPPORT AND REVENUE</b>			
Bequests	\$ 775,700	-	\$ 775,700
Government contracts	628,187	-	628,187
Shelter operations	285,028	-	285,028
Memberships	63,859	-	63,859
Contributions	53,303	6,569	59,872
Fundraising, net direct costs	53,999	-	53,999
Grants	-	25,000	25,000
Other	12,605	-	12,605
Contributions (non-cash)	6,000	-	6,000
Memorials	1,735	-	1,735
Interest income	1,626	-	1,626
Net assets released from restrictions	30,335	(30,335)	-
	<b>1,912,377</b>	<b>1,234</b>	<b>1,913,611</b>
 <b>EXPENSES</b>			
Program Services			
Shelter Operations	1,191,125	-	1,191,125
Supporting Services			
General and Administrative	478,314	-	478,314
Marketing and Fundraising	67,642	-	67,642
	<b>1,737,081</b>	<b>-</b>	<b>1,737,081</b>
Changes in net assets	175,296	1,234	176,530
Net assets, beginning of year	2,990,141	54,162	3,044,303
Net assets, end of year	\$ 3,165,437	\$ 55,396	\$ 3,220,833

See accompanying notes to financial statements

**HUMANE SOCIETY OF ST. LUCIE COUNTY, INC.**

Statement of Functional Expenses

Years Ended September 30, 2014

	Program	Supporting Services		Total
	Services	General and	Marketing and	
	Shelter	Administrative	Fundraising	
Salaries and wages	\$ 497,536	\$ 269,171	\$ -	\$ 766,707
Medical supplies	193,249	-	-	193,249
Utilities	41,103	27,402	-	68,505
Payroll taxes	46,156	21,349	-	67,505
Interest	-	63,988	-	63,988
Employee benefits	51,908	9,650	-	61,558
Professional fees	44,940	14,023	-	58,963
Shelter food	50,242	-	-	50,242
Public relations	-	-	46,229	46,229
Cleaning and safety supplies	24,446	10,477	-	34,923
Telephone	10,756	13,446	2,689	26,891
Insurance	20,247	4,442	-	24,689
Printing	-	8,959	12,774	21,733
Repairs and maintenance	13,985	5,225	-	19,210
Equipment rental	9,516	7,614	1,903	19,033
Office and postage	3,594	12,582	1,797	17,973
Crematory services and supplies	15,338	-	-	15,338
Travel and fuel	6,968	6,968	144	14,080
Medical treatment	10,666	-	-	10,666
Small equipment	8,752	-	-	8,752
Security	6,580	-	-	6,580
Land rent	5,000	1,000	-	6,000
Bank and credit card fees	5,524	-	15	5,539
Licenses, taxes and fees	3,738	583	273	4,594
Web site	1,537	-	1,538	3,075
Dues and subscriptions	-	1,002	20	1,022
Amortization	-	433	-	433
Miscellaneous	106	-	260	366
<b>Total expenses before depreciation</b>	<b>1,071,887</b>	<b>478,314</b>	<b>67,642</b>	<b>1,617,843</b>
<b>Depreciation</b>	<b>119,238</b>	<b>-</b>	<b>-</b>	<b>119,238</b>
<b>Total expenses</b>	<b>\$ 1,191,125</b>	<b>\$ 478,314</b>	<b>\$ 67,642</b>	<b>\$ 1,737,081</b>

See accompanying notes to financial statements

**HUMANE SOCIETY OF ST. LUCIE COUNTY, INC.**

Statement of Cash Flows  
Years Ended September 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 176,530
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	119,238
Amortization	433
Decrease in accounts and contracts receivable	22
Decrease in other receivables	700
Decrease in prepaid insurance	6,635
Increase in accounts payable	1,242
Increase in accrued liabilities	<u>18,910</u>
Net cash provided by operating activities	<u>323,710</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of land, property and equipment	<u>(195,926)</u>
Net cash used in investing activities	<u>(195,926)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Increase in the note payable from draws	60,145
Repayment of principal	<u>(55,398)</u>
Net cash provided by financing activities	4,747

INCREASE IN CASH AND CASH EQUIVALENTS 132,531

CASH AND CASH EQUIVALENTS, beginning of year 500,967

CASH AND CASH EQUIVALENTS, end of year \$ 633,498

# HUMANE SOCIETY OF ST. LUCIE COUNTY, INC.

Notes to Financial Statements

September 30, 2014

## **NOTE A - Summary of Significant Accounting Policies**

### **Organization**

The Humane Society of St. Lucie County, Inc. (the Society) is a not-for-profit corporation organized under the laws of the State of Florida in 1980. The Society provides compassionate care and safe shelter for animals, and educates the community on responsible pet ownership. The Society's primary purpose is to provide effective means for the prevention of cruelty to animals. The Society serves St. Lucie County.

### **Basis of Accounting**

The financial statements of the Society have been prepared utilizing the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Donations are reported as temporarily restricted support if they are received with stipulations that limit the use of the funding. When the restriction expires, that is, when a stipulated time or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Expenses are recorded when incurred.

### **Cash and Cash Equivalents**

The Society presents its cash flows using the indirect method. For the purposes of reporting cash flows, cash is defined as cash on hand, checking, savings and money market accounts at financial institutions.

The Society maintains cash balances at one financial institution. During the year, the balances may fluctuate above and below the \$250,000 coverage. At September 30, 2014, the Society's uninsured financial institution cash balances totaled \$383,498.

### **Property and Equipment**

Property and equipment are recorded at cost or fair market value at date of gift in the case of donated property. Depreciation is calculated by using the straight-line method for assets greater than \$500 and is based on estimated useful lives of five to thirty years.

### **Use of Estimates**

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated amounts.

### **Income Taxes**

The Society is exempt from Federal income taxes under Section 501(c) (3) of the Internal Revenue Code accordingly, income taxes are not provided on the Society's financial statements. It has been classified as an organization that is not a private foundation under section 509(c) (2) of the Internal Revenue Code and qualifies for the charitable contribution deduction for individual donors.

# HUMANE SOCIETY OF ST. LUCIE COUNTY, INC.

Notes to Financial Statements

September 30, 2014

## Bequests and Contributions

Contributions and bequests received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Activities as net assets released from donor restrictions.

The Society has received noncash donations of food and supplies during the year. In addition, a number of unpaid volunteers, including board members, have made substantial contributions of their time. These services are not considered specialized skills, as defined by Professional Standards, and accordingly, are not recognized as revenue in the accompanying financial statements.

## Functional Allocation of Expenses

The costs of providing the shelter operation and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the program and supporting services that have benefited.

## NOTE B – Government Contracts

The Society contracts with St. Lucie County, the City of Port St. Lucie and the City of Fort Pierce to provide shelter, board and care for any stray animal picked up in each locality until the animal is returned to the owner, adopted or otherwise disposed of at the discretion of the Humane Society and in accordance with state and local law.

## NOTE C - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at September 30, 2014:

	2014
Clinic equipment	\$ 25,619
Spay and Neuter program	24,392
Fostering	5,385
Total temporarily restricted assets	<u>\$ 55,396</u>

Net assets were released from donor restrictions by expenses satisfying the purpose specified by donors as follows:

	2014
Capital projects	\$ 6,000
Fostering	4,346
Clinic equipment	19,381
Spay and Neuter program	608
	<u>\$ 30,335</u>

HUMANE SOCIETY OF ST. LUCIE COUNTY, INC.

Notes to Financial Statements

September 30, 2014

**NOTE D – Land Lease**

The Society has an operating lease with the City of Fort Pierce, which expires October 5, 2037, for the land on which the Fort Pierce facilities are built. All future commitments under the lease agreement amounting to \$1 per year have been paid. All buildings and improvements constructed by the Society will become the property of the City of Fort Pierce at the end of the lease. Total in kind annual rent expense of \$6,000 is included on the Statement of Functional Expenses as land rent.

**NOTE E - Leases**

The Society leases a copier under a five year non-cancelable operating lease which began in January 2011 and will expire in January 2016, with \$969 due monthly. The minimum annual rental payments are as follows at September 30, 2014:

Fiscal Year Ending	
2015	11,628
2016	3,876
	<u>\$ 27,132</u>

Rent expense totaled \$11,628 for fiscal year ending September 30, 2014.

**NOTE F - Land Purchase**

In 2010, the Society entered into a contract with the City of Port St. Lucie to purchase 4.05+- acres of land on Glades Road known at the LTC Ranch Industrial Park. The Society will decrease the City's animal fee by \$15 per live animal received which will be applied to the purchase of the land. This agreement is for five years, ending September 30, 2015. An amount of \$32,730 is shown as revenue under Government Services and capitalized to land as of September 30, 2014.

**NOTE G – Long-Term Liabilities**

The Society's long-term liabilities consist of a note payable to Harbor Community Bank. The note payable has monthly principal and interest payments of \$9,481 and interest at 5.75%. The note is secured by the building and land on Glades Road in Port St. Lucie, Florida, and matures 10/30/2028. During the year, the Society paid principal and interest payments of \$55,398 and \$63,988, respectively. On April 2, 2015, the note was modified at the same rate of interest and requires a \$25,000 principal reduction each year on or before September 30<sup>th</sup> until all principal is paid in full.

The annual principal and interest payments as of September 30, 2014 are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total Payments
2015	107,459	64,554	172,013
2016	77,883	60,894	138,777
2017	82,361	56,416	138,777

**HUMANE SOCIETY OF ST. LUCIE COUNTY, INC.**

Notes to Financial Statements

September 30, 2014

Fiscal Year Ending September 30,	Principal	Interest	Total Payments
2018	87,097	51,680	138,777
2019	92,105	46,672	138,777
2020 – 2024	547,934	145,946	693,880
2025 – 2026	171,636	12,149	183,785
	<u>\$1,166,475</u>	<u>\$438,311</u>	<u>\$1,604,786</u>

The change in long-term debt is as follows:

Beginning Balance	Additions	Reductions	Ending Balance
<u>\$1,161,728</u>	<u>\$60,145</u>	<u>\$55,398</u>	<u>\$1,166,475</u>

**NOTE H – Major Customer and Credit Risk Concentration**

The Society's contracts are generally with government agencies, and therefore, the majority of its revenue is derived from that source, except for the current year one time bequests of \$775,000 as further explained in Note I.

**NOTE I – Concentration of Risk**

The Society's net income as of September 30, 2014 is \$176,530. This positive net income resulted primarily from bequests received in the amount of \$775,700. The Society's major risk factor is the challenge to generate sufficient cash flow for the current operations. Currently management does not expect any significant bequests within the next twelve months from the date of these statements. Management continues to focus its fundraising on soliciting larger contributions and cost containment measures. The financial statements include no adjustments should the Society fail to resolve these uncertainties.

**NOTE H – Subsequent Events**

Management has evaluated events and transactions for potential recognition or disclosure through September 28, 2015, the date upon which the financial statements were available to be issued.