

Hartnett & Associates, CPAs, P.A.

**FIRST COAST NO MORE HOMELESS PETS, INC.  
(A NONPROFIT ORGANIZATION)**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION  
AND INDEPENDENT AUDITOR'S REPORT**

**YEAR ENDED SEPTEMBER 30, 2013**

HARTNETT & ASSOCIATES, C.P.A.'s, P.A.  
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MEMBERS  
AICPA AND  
FIGPA

INDEPENDENT AUDITORS' REPORT

Board of Directors  
First Coast No More Homeless Pets, Inc.  
Jacksonville, Florida

We have audited the accompanying statement of financial position of First Coast No More Homeless Pets, Inc. (the "Organization") (A Nonprofit Corporation) as of September 30, 2013 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2013, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Hartnett & Associates*

Hartnett & Associates, CPA's, P.A.  
Jacksonville, Florida  
October 24, 2013

**FIRST COAST NO MORE HOMELESS PETS, INC.  
(A NONPROFIT ORGANIZATION)**

**STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2013**

**ASSETS**

**Current Assets:**

Cash and cash equivalents (Note B)	\$ 833,559
Accounts receivable	131,279
Refundable deposits	1,400
Inventory	65,868
Prepaid expenses	3,990
	<u>1,036,096</u>

**Total Current Assets**

1,036,096

**Fixed Assets:**

Land	68,750
Buildings and improvements	1,219,265
Machinery and equipment	432,588
Furniture and fixtures	47,237
Vehicles	140,022
	<u>1,907,862</u>
Less accumulated depreciation	<u>(478,101)</u>

**Total Fixed Assets**

1,429,761

**Total Assets**

\$ 2,465,857

**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accounts payable and accrued expenses	\$ 340,866
Deferred revenue	775,030
Current portion of notes payable	40,245
	<u>1,156,141</u>

**Total Current Liabilities**

1,156,141

Notes payable, net of current portion

765,208

**Total Liabilities**

1,921,349

**Net Assets:**

Unrestricted	544,508
Temporarily restricted	-
	<u>544,508</u>

**Total Net Assets**

544,508

**Total Liabilities and Net Assets**

\$ 2,465,857

See notes to financial statements.

**FIRST COAST NO MORE HOMELESS PETS, INC.  
(A NONPROFIT ORGANIZATION)**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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**Unrestricted Support and Revenue:**

Program service fees	\$ 2,826,081
Contributions (includes in-kind of \$233,957)	509,147
Grants	708,554
Special events	218,925
Thrift store sales	79,042
Miscellaneous	15,439
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Total public support and revenues	4,357,188

**EXPENSES:**

Program services:	
Animal protection and care	3,581,237
Supporting services:	
General and administrative	405,328
Fundraising	196,615
Total expenses	<hr/> 4,183,180

INCREASE IN NET ASSETS	174,008
NET ASSETS AT BEGINNING OF YEAR	<hr/> 370,500
NET ASSETS AT END OF YEAR	<hr/> <u>\$ 544,508</u>

See notes to financial statements.

**FIRST COAST NO MORE HOMELESS PETS, INC.  
(A NONPROFIT ORGANIZATION)**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Program Services	Supporting Services	Total Expenses
	Animal Protection & Care	General & Administrative	Fund Raising
Wages and benefits	\$ 1,690,115	\$ 102,785	\$ 80,863
Payroll taxes	148,687	9,339	7,051
	<u>1,838,802</u>	<u>112,124</u>	<u>87,924</u>
Advertising (includes \$189,620 in-kind)	406,405	-	5,609
Automotive expenses	38,441	-	-
Bank services charges	-	33,213	-
Computer expense	24,825	37,710	3,435
Depreciation	104,193	8,481	8,481
Direct mail	-	-	55,430
Dues and subscriptions	774	-	1,020
Insurance	-	7,104	-
Interest expense	-	66,551	-
Licenses and permits	169	965	-
Miscellaneous expenses	26,788	1,260	2,932
Office supplies	6,979	2,547	-
Postage and delivery	5,652	4,939	161
Printing and reproduction	25,893	8,959	800
Professional fees (includes \$10,000 in-kind)	76,870	35,373	1,195
Program supplies (includes \$18,521 in-kind)	883,093	-	-
Rent (includes \$8,400 in-kind)	30,750	-	-
Repairs and maintenance	9,465	5,681	-
Special event expenses (includes \$7,416 in-kind)	-	-	29,628
Training	9,230	-	-
Trapping expenses	29,177	-	-
Travel	51,905	-	-
Utilities	11,826	80,421	-
	<u>\$ 3,581,237</u>	<u>\$ 405,328</u>	<u>\$ 196,615</u>
Total expenses			<u>\$ 4,183,180</u>

See notes to financial statements.

**FIRST COAST NO MORE HOMELESS PETS, INC.  
(A NONPROFIT ORGANIZATION)**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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**OPERATING ACTIVITIES:**

Increase in net assets	\$ 174,008
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	121,155
Change in accounts receivable	(47,015)
Change in prepaid expenses	(3,990)
Change in inventory	(65,868)
Change in accounts payable and accrued expenses	(43,082)
Change in deferred revenue	<u>579,990</u>
Net cash provided from operating activities	<u>715,198</u>

**INVESTING ACTIVITIES:**

Purchase of fixed assets	<u>(93,044)</u>
Net cash used in investing activities	<u>(93,044)</u>

**FINANCING ACTIVITIES:**

Payoff of mortgage payable	<u>(32,043)</u>
Net cash used in financing activities	<u>(32,043)</u>

<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	590,111
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>243,448</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 833,559</u></u>

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:**

Interest paid	<u><u>\$ 66,555</u></u>
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See notes to financial statements.

**FIRST COAST NO MORE HOMELESS PETS, INC.  
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**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2013**

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**A. ORGANIZATION**

First Coast No More Homeless Pets, Inc. (the "Organization") was organized in Jacksonville, Florida in 2002 as a nonprofit corporation to eliminate the killing of dogs and cats in northeast Florida through targeted spaying and neutering programs. Revenues are derived principally from program service fees, contributions and grants.

**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

- a. *Unrestricted net assets* – Net assets and contributions not subject to donor-imposed stipulations.
- b. *Temporarily restricted net assets* – Net assets and contributions subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or passage of time. After the donor-imposed time or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported within the statement of activities as net assets released from restrictions.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Federal, state, and local grants are recognized as unrestricted revenue to the extent expenses have been incurred under the terms of the respective grant agreements. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by donor stipulation or by law.

***Cash and Cash Equivalents*** – Cash and cash equivalents principally include cash on hand, cash on deposit, certificates of deposit, and investments with an original maturity of three months or less.

**FIRST COAST NO MORE HOMELESS PETS, INC.  
(A NONPROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2013 (Continued)**

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**Contributions** – Contributions, including unconditional promises to give due in future periods, are recognized as revenues in the period made or received. Conditional promises to give, which depend upon specified future and uncertain events, are recognized as revenue when the conditions upon which they depend are substantially met.

**Fixed Assets** – Fixed assets are recorded at cost or estimated value at date of donation. Depreciation is computed using the straight-line method over estimated useful lives of 5 to 10 years for equipment, 40 years for improvements, and 40 years for buildings.

**Functional Expenses** – Certain expenses have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Tax Status** – The Organization is exempt from Federal and state income taxes under Internal Revenue Code Section 501(c)(3).

**Use of Estimates** – The preparation of financial statements in conformity with 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 estimates.

**Advertising Costs** - A substantial portion of advertising expenses are donated free of charge, including broadcast media advertisements of program services and special events. Costs are estimated based on fees charged for like-kind advertisements. Recognition in the statement of activities occurs when the costs are incurred.

**Volunteer Services** - The Organization receives significant donated services from unpaid volunteers assisting in program, management, and fundraising activities. No amounts have been recognized in the statement of activities because the criteria for recognition under FASB ASC 958-10-20 have not been satisfied. Management estimates that approximately 6,000 hours of volunteer service were rendered to the Organization during the year ended September 30, 2013.



**FIRST COAST NO MORE HOMELESS PETS, INC.  
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**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2013 (CONTINUED)**

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**C. OPERATING LEASES**

The Organization uses operating leases for rental of equipment, buildings and parking space. These leases are month-to-month, with no minimum lease commitments extending beyond the current month.

Rental expense under the leases described above during the year ended September 30, 2013 was \$22,350.

**D. NOTES PAYABLE**

The Organization has a note payable to a board member, secured by furniture and equipment, at an annual rate of 4.25%. Principal and interest is computed using a 15-year amortization schedule. Such amortization requires monthly payments of \$2,781 including interest. The balance on this note at September 30, 2013 is \$264,119.

The Organization has a 4.25% note payable to a commercial bank with principal payments beginning April 1, 2013. Principal and interest is computed using a 20-year amortization schedule. Such amortization requires monthly payments of \$2,167 (including interest). The note is secured by a mortgage on the Organization's real estate. The balance on this note at September 30, 2013 is \$357,468.

The Organization has a 3% note payable to the City of Jacksonville, Florida. Monthly payments of \$1,005 (including interest) are computed using a 25-year amortization schedule. On June 1, 2019, a balloon payment of the balance (estimated at \$144,748) will be due. The note is secured by a second mortgage on the Organization's real estate. The balance on this note at September 30, 2013 is \$183,866.

Interest expense on these loans for the year ended September 30, 2013 was \$41,736.

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**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2013**

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Expected maturity of debt is as follows for years ended September 30:

2014	\$ 40,245
2015	41,903
2016	43,631
2017	45,431
2018	47,305
Thereafter	<u>586,938</u>
	<u>\$805,453</u>

**E. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 24, 2013, the date on which the financial statements were issued, and has determined there are no subsequent events.

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MEMBERS  
AICPA AND  
FICPA

October 24, 2013

Board of Directors  
First Coast No More Homeless Pets, Inc.  
Jacksonville, Florida

In planning and performing our audit of the financial statements of First Coast No More Homeless Pets, Inc. (the "Organization") for the year ended September 30, 2013, we considered the Organization's internal controls in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of the follow condition, which is common in small to medium-sized organizations. This letter does not affect our report dated October 24, 2013 on the financial statements of the Organization.

Organizational Structure

The size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the Organization to provide oversight and independent review functions.

This report is intended solely for the information and use of the Board of Directors, management, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

*Hartnett & Associates*  
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Jacksonville, Florida