

**FLAGLER COUNTY HUMANE SOCIETY, INC.**

**FINANCIAL STATEMENTS AND  
INDEPENDENT ACCOUNTANT'S REPORT  
YEAR ENDED SEPTEMBER 30, 2016**

**FLAGLER COUNTY HUMANE SOCIETY, INC.**

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## INDEPENDENT ACCOUNTANT'S REPORT

Flagler County Humane Society, Inc.  
1 Shelter Drive  
Palm Coast, FL 32164

To the Board of Directors:

I have reviewed the accompanying financial statements of Flagler County Humane Society, Inc., which comprise the statement of financial position as of September 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

### **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.

### **Accountant's Responsibility**

My responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

### **Accountant's Conclusion**

Based on my reviews, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Certified Public Accountant  
January 25, 2017

**FLAGLER COUNTY HUMANE SOCIETY, INC.**  
**Statement of Financial Position**  
**September 30, 2016**

	Unrestricted	Temporarily Restricted	Permenantly Restricted	Total
<b><u>ASSETS</u></b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 104,998	\$ -	\$ -	\$ 104,998
Accounts Receivable	68,151	-	-	68,151
Inventories	9,404	-	-	9,404
Prepaid Expenses	5,307	-	-	5,307
Total Current Assets	187,860	-	-	187,860
<b>Property and Equipment</b>				
Equipment and Vehicles	97,655	-	-	97,655
Furniture and Office Equipment	21,710	-	-	21,710
Land and Buildings	1,475,905	-	-	1,475,905
Accumulated Depreciation	(544,777)	-	-	(544,777)
Total Property and Equipment	1,050,493	-	-	1,050,493
<b>Intangible Assets, Net</b>	2,216	-	-	2,216
<b>Total Assets</b>	\$ 1,240,569	\$ -	\$ -	\$ 1,240,569
<b><u>LIABILITIES &amp; NET ASSETS</u></b>				
<b>Current Liabilities</b>				
Accounts Payable	\$ 19,920	\$ -	\$ -	\$ 19,920
Deferred Revenue	36,990	-	-	36,990
Current Portion of Long-term Liabilities	7,394	-	-	7,394
Other Liabilities	-	-	-	-
Total Current Liabilities	64,304	-	-	64,304
<b>Long-term Liabilities</b>				-
Notes Payable, net of current portion	104,718	-	-	104,718
<b>Total Liabilities</b>	169,022	-	-	169,022
<b>NET ASSETS</b>				
Unrestricted	1,071,547	-	-	1,071,547
Temporarily Restricted	-	-	-	-
Permanently Restricted	-	-	-	-
Total Net Assets	1,071,547	-	-	1,071,547
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	\$ 1,240,569	\$ -	\$ -	\$ 1,240,569

See Accompanying Independent Auditor's Report and Notes to Financial Statements

**FLAGLER COUNTY HUMANE SOCIETY, INC.**  
**Statement of Activities**  
**For the Year Ended September 30, 2016**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES AND SUPPORT</b>				
Program Service Fees	\$ 553,520	\$ -	\$ -	\$ 553,520
Sales of Supplies	58,167	-	-	58,167
Thrift Store Sales	270,075	-	-	270,075
Contributions	154,002	-	-	154,002
Fundraisers and Special Events	54,277	-	-	54,277
Investment Income	695	-	-	695
Other Revenue	35,800	-	-	35,800
	<hr/>			
Total Revenue	1,126,536	-	-	1,126,536
<b>OPERATING EXPENSES</b>				
Program Services				
Animal Care	495,503	-	-	495,503
Supporting Services				
Management & General	530,459	-	-	530,459
Thrift Shop	175,728	-	-	175,728
Fund Raising	20,930	-	-	20,930
	<hr/>			
Total Expense	1,222,620	-	-	1,222,620
<b>CHANGE IN NET ASSETS</b>	(96,084)	-	-	(96,084)
<b>NET ASSETS, BEGINNING</b>	1,169,757	-	-	1,169,757
<b>PRIOR PERIOD ADJUSTMENT</b>	(2,126)			(2,126)
	<hr/>			
<b>NET ASSETS, ENDING</b>	\$1,071,547	\$ -	\$ -	\$1,071,547

See Accompanying Independent Auditor's Report and Notes to Financial Statements

**FLAGLER COUNTY HUMANE SOCIETY, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended September 30, 2016**

	Animal Care	Management and General	Thrift Shop	Fundraising	Total
<b>COMPENSATION AND BENEFITS</b>					
Compensation	\$313,874	\$ 164,985	\$ 57,612	\$ -	\$536,471
Payroll Taxes	51,796	27,226	9,507	-	88,529
Total Compensation and Benefits	365,670	192,211	67,119	-	625,000
<b>OTHER OPERATING EXPENSES</b>					
Advertising	-	8,952	-	-	8,952
Animal Supplies and Services	213,738	-	-	-	213,738
Depreciation and Amortization	44,170	-	-	-	44,170
Education and Development	-	4,271	-	-	4,271
Fundraising Expenses	-	-	-	20,930	20,930
Insurance	6,943	37,895	-	-	44,838
Interest	-	25,550	-	-	25,550
Licenses and Permits	-	895	-	-	895
Miscellaneous	3,199	1,915	-	-	5,114
Occupancy	-	48,718	81,299	-	130,017
Office Expense	-	17,783	-	-	17,783
Postage	-	1,963	-	-	1,963
Professional Fees	-	5,388	-	-	5,388
Repairs and Maintenance	11,408	41,365	-	-	52,773
Telephone	-	11,122	-	-	11,122
Vehicle Expenses	10,116	-	-	-	10,116
Total Other Operating Expense	289,574	205,817	81,299	20,930	597,620
<b>TOTAL EXPENSES</b>	<b>\$655,244</b>	<b>\$398,028</b>	<b>\$148,418</b>	<b>\$ 20,930</b>	<b>\$1,222,620</b>

See Accompanying Independent Auditor's Report and Notes to Financial Statements

**FLAGLER COUNTY HUMANE SOCIETY, INC.**  
**Statement of Cash Flows**  
**For the Year Ended September 30, 2016**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Cash Flows From Operating Activities</b>				
Change in Net Assets	\$(96,084)	\$ -	\$ -	\$(96,084)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation and Amortization	44,170	-	-	44,170
Decreases (Increases) in Certain Assets:				
Accounts Receivable	(35,500)	-	-	(35,500)
Contributions Receivable	-	-	-	-
Prepaid Expenses	(2,612)	-	-	(2,612)
Inventory	(1,980)	-	-	(1,980)
Increases (Decreases) in Certain Liabilities:				
Accounts Payable	3,567	-	-	3,567
Deferred Revenue	36,990	-	-	36,990
Lines of Credit	-	-	-	-
Other Current Liabilities	(39,309)	-	-	(39,309)
Net Cash Provided by (Used In) Operating Activities	<u>(90,758)</u>	<u>-</u>	<u>-</u>	<u>(90,758)</u>
<b>Cash Flows From Investing Activities</b>				
Purchase of Property and Equipment	-	-	-	-
Sale of Property and Equipment	-	-	-	-
Principal Payments on Notes Payable	(6,958)	-	-	(6,958)
Prior Period Adjustment	(2,126)	-	-	(2,126)
Net Cash Provided by (Used In) Investing Activities	<u>(9,084)</u>	<u>-</u>	<u>-</u>	<u>(9,084)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(99,842)</u>	<u>-</u>	<u>-</u>	<u>(99,842)</u>
<b>Cash and Cash Equivalents, Beginning of Period</b>	<u>204,840</u>	<u>-</u>	<u>-</u>	<u>204,840</u>
<b>Cash and Cash Equivalents, End of Period</b>	<u>\$ 104,998</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,998</u>

See Accompanying Independent Auditor's Report and Notes to Financial Statements

**FLAGLER COUNTY HUMANE SOCIETY, INC.**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2016**

**NOTE 1 – Organization and Summary of Significant Accounting Policies**

**A. Organization Activities**

The Flagler County Humane Society, Inc. (The Society) was established in 1980 as a not-for-profit organization to provide an animal shelter for care, remedial treatment, and cruelty prevention. The Society is supported primarily through donor contributions and fees for services.

**B. Basis of Accounting**

The Society follows standards of accounting and financial reporting prescribed for not-for-profit organizations. It uses the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred.

**C. Cash and Cash Equivalents**

The Society considers all highly liquid cash instruments with a maturity of three months or less to be cash equivalents.

**D. Financial Statements**

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in ASC 958, Not-for-Profit Entities Presentation of Financial Statements, using the accrual basis of accounting.

These financial statements present unrestricted, temporarily restricted, and permanently restricted net assets to reflect donor imposed limitations and restrictions placed on resources available to the Society.

**E. Net Assets**

*Unrestricted Net Assets* – The unrestricted net asset class includes the general and board designated assets and liabilities of the Society. Revenue and support received by the Society without explicit donor restrictions that specify how the donated asset must be used or maintained are reported as unrestricted by the Society. In general, the unrestricted net assets of the Society may be used at the discretion of the Society's management and board of directors to support the Society's purposes and operations.

*Temporarily Restricted Net Assets* – The temporarily restricted net asset class includes expendable assets and related liabilities of the Society. These assets relate to gifts with explicit time or purpose restrictions that have not yet been met. When the time or purpose restriction is met, these assets are re-classified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

*Permanently Restricted Net Assets* – The permanently restricted net asset class includes assets and related liabilities of the Society related to contributions for which the donor has restricted the investment of the gift corpus in perpetuity. The income generated from the investment of corpus is available for the Society's operations in accordance with donor restrictions. Appreciation related to the permanently restricted net assets, if not specifically restricted otherwise, follows the donor's income restriction and is included in the appropriate unrestricted or temporarily restricted net asset class.



**FLAGLER COUNTY HUMANE SOCIETY, INC.**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2016**

**NOTE 1 – Organization and Summary of Significant Accounting Policies (continued)**

**F. Contributions**

Contributions, including unconditional promises to give, are recorded as received. All contributions are considered to be available for the general programs of the Society unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are reflected as short-term contributions receivable and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term contributions receivable and are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received. The Society reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets.

**G. Investments**

Investments are stated at fair value. To calculate realized gain or loss on the disposition of investments and unrealized gains and losses, cost is determined by specific identification. All gains and losses and ordinary income from investments are accounted for as unrestricted revenue unless it is restricted for a specific purpose by the donor of the related investment.

**H. Accounts Receivable**

The accounts receivable arise from fees charges to local municipalities for animal care and shelter. Accounts are charges to bad debt expense as they are deemed uncollectible based upon a periodic review of the accounts.

**I. Inventories**

Inventories, which consist of animal supplies for resale and medical supplies, are carried at the lower of cost or market determined on a first-in, first-out basis.

**J. Property And Equipment**

Purchases of property and equipment having a unit cost of \$1,000 or more and an estimated useful life of five years or more are capitalized at cost. Donated assets are capitalized at the estimated fair-market value at the time of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from 5 to 39 years. In the absence of donor imposed restrictions on the use of an asset, gifts of long-lived assets are reported as unrestricted contributions.

**K. Donated Services**

A substantial number of volunteers donate significant amounts of their time to the Society's programs and supporting services. Such services have not been reflected in the accompanying financial statements because these services do not meet the criteria for recognition as contributed services.

**FLAGLER COUNTY HUMANE SOCIETY, INC.**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2016**

**NOTE 1 – Organization and Summary of Significant Accounting Policies (continued)**

**L. Income Taxes**

The Society qualifies for exemption from federal income taxation under Internal Revenue Code (IRC) Section 501(c)(3) and is not classified as a private foundation under IRC Section 509(a)(2). Accordingly, the accompanying financial statements do not reflect a provision for income taxes.

**M. Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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.

**N. Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the services benefited.

**O. Fair Value of Financial Instruments**

The following methods and assumptions were used by the Society to estimate the fair market values of financial instruments as disclosed herein. All investments are based on level 1 in accordance with generally accepted accounting standards.

*Cash and cash equivalents, investments and short-term contributions receivable:*

The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

*Long-term contributions receivable:*

The fair value of promises to give that are due in more than one year are estimated by discounting the future cash flows using a current risk-free rate of return based on the yield of a U.S. Treasury security with a maturity date similar to the expected collection periods.

**NOTE 2 – Investments**

The Society did not maintain any investment accounts as of September 30, 2016.

**NOTE 3 – Promises to Give**

Contributions receivable consist of amounts donated through bequests by deceased donors. The amounts reflected are an estimate as to what will be collected at the time the estate is settled, and is determined based on the asset and beneficiary disclosure filed by the donors attorney in the estate proceeding.

**FLAGLER COUNTY HUMANE SOCIETY, INC.**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2016**

**NOTE 4 – Property and Equipment**

Property and Equipment for the Society consists of the following:

Land	\$ 101,210
Building and improvements	1,374,695
Equipment	52,262
Furniture and office equipment	21,710
Vehicles	<u>45,393</u>
Less: Accumulated Depreciation	(544,777)
Property and Equipment, Net	<u><u>\$ 1,050,493</u></u>

**NOTE 5 – Retirement Plan**

The Society maintained a 401(k) plan for the benefit of its full time employees. The plan was terminated as of September 30, 2011. As such, there were no contributions made to the plan for the reporting period. As of September 30, 2016 there were assets remaining in the plan totalling \$511.00, which represent assets that have not yet been rolled out of the plan by prior plan participants.

**NOTE 6 – Restriction of Net Assets**

The Society does not currently have any temporarily restricted or permanently restricted net assets.

**NOTE 7 – Commitments**

The Society leases a storefront for its thrift store operation. The current lease is for \$5,889, plus property taxes, insurance, sales taxes, and common area maintenance. The lease is renewable annually.

**FLAGLER COUNTY HUMANE SOCIETY, INC.**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2016**

**NOTE 8 – Notes Payable**

The Society has a note payable to a bank in monthly installments of \$1,076 including interest at a rate of 5.15%. The note matures on September 30, 2032.	\$ 112,112
Less Current Maturities	<u>(7,394)</u>
	<u>\$ 104,718</u>

A schedule of maturities of Notes Payable is as follows:  
Year-Ended September 30

2017	\$ 7,394
2015	7,784
2019	8,194
2020	8,626
2021	9,143
2022 and beyond	<u>70,971</u>
	<u>\$ 112,112</u>

**NOTE 9 – Supplemental Cash Flow Information**

For the year ended September 30, 2016, there were interest payments of \$5,949. In addition, there were no significant non-cash transactions.

**NOTE 10 – Subsequent Events**

Subsequent Events were evaluated as of January 25, 2017. There were no subsequent events requiring disclosure in the notes to financial statements.