

FLAGLER COUNTY HUMANE SOCIETY, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT ACCOUNTANT'S REPORT
YEAR ENDED SEPTEMBER 30, 2018**

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:

Report on the Financial Statements

We have compiled the accompanying balance sheet of Flagler County Humane Society, Inc., as of September 30, 2018, and the related statements income and cash flows for the period then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain any assurance that there are no material modifications that should be made to the financial statements.

Certified Public Accountant
June 24, 2019

FLAGLER COUNTY HUMANE SOCIETY, INC.
Statement of Financial Position
September 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>ASSETS</u>				
Current Assets				
Cash and Cash Equivalents	\$ 70,531	\$ -	\$ -	\$ 70,531
Accounts Receivable	102,334	-	-	102,334
Inventories	20,642	-	-	20,642
Prepaid Expenses	-	-	-	-
Total Current Assets	193,507	-	-	193,507
Property and Equipment				
Equipment and Vehicles	158,506	-	-	158,506
Furniture and Office Equipment	21,710	-	-	21,710
Land and Buildings	1,475,905	-	-	1,475,905
Accumulated Depreciation	(637,582)	-	-	(637,582)
Total Property and Equipment	1,018,539	-	-	1,018,539
Intangible Assets, Net	1,811	-	-	1,811
Total Assets	\$ 1,213,857	\$ -	\$ -	\$ 1,213,857
<u>LIABILITIES & NET ASSETS</u>				
Current Liabilities				
Accounts Payable	\$ 38,443	\$ -	\$ -	\$ 38,443
Deferred Revenue	56,584	-	-	56,584
Current Portion of Long-term Liabilities	7,784	-	-	7,784
Other Liabilities	22,217	-	-	22,217
Total Current Liabilities	125,028	-	-	125,028
Long-term Liabilities				
Notes Payable, net of current portion	87,601	-	-	87,601
Total Liabilities	212,629	-	-	212,629
NET ASSETS				
Unrestricted	1,001,228	-	-	1,001,228
Temporarily Restricted	-	-	-	-
Permanently Restricted	-	-	-	-
Total Net Assets	1,001,228	-	-	1,001,228
TOTAL LIABILITIES & NET ASSETS	\$ 1,213,857	\$ -	\$ -	\$ 1,213,857

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

FLAGLER COUNTY HUMANE SOCIETY, INC.
Statement of Activities
For the Year Ended September 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND SUPPORT				
Program Service Fees	\$ 681,404	\$ -	\$ -	\$ 681,404
Sales of Supplies	92,624	-	-	92,624
Thrift Store Sales	277,402	-	-	277,402
Contributions	212,069	-	-	212,069
Grants	43,022	-	-	43,022
Fundraisers and Special Events	37,622	-	-	37,622
Investment Income	498	-	-	498
Other Revenue	48,394	-	-	48,394
Total Revenue	1,393,035	-	-	1,393,035
OPERATING EXPENSES				
Program Services				
Animal Care	1,043,700	-	-	1,043,700
Supporting Services				
Management & General	219,112	-	-	219,112
Thrift Shop	130,710	-	-	130,710
Fund Raising	17,923	-	-	17,923
Total Expense	1,411,445	-	-	1,411,445
CHANGE IN NET ASSETS	(18,410)	-	-	(18,410)
NET ASSETS, BEGINNING	1,019,638	-	-	1,019,638
NET ASSETS, ENDING	\$1,001,228	\$ -	\$ -	\$1,001,228

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

FLAGLER COUNTY HUMANE SOCIETY, INC.
Statement of Functional Expenses
For the Year Ended September 30, 2018

	Animal Care	Management and General	Thrift Shop	Fundraising	Total
COMPENSATION AND BENEFITS					
Compensation	\$ 426,908	\$ 123,005	\$ 63,502	\$ -	\$613,415
Benefits	31,773	7,969	-	-	39,742
Payroll Taxes	60,882	17,542	4,858	-	83,282
Total Compensation and Benefits	519,563	148,516	68,360	-	736,439
OTHER OPERATING EXPENSES					
Advertising	5,918	-	-	-	5,918
Animal Supplies and Services	252,886	-	-	-	252,886
Cost of Re-sale Items	50,384	-	-	-	50,384
Depreciation and Amortization	49,145	-	-	-	49,145
Fundraising Expenses	-	-	-	17,923	17,923
Insurance	40,400	-	-	-	40,400
Interest	32,019	-	-	-	32,019
Legal	-	721	-	-	721
Miscellaneous	7,030	-	-	-	7,030
Occupancy	-	61,284	62,350	-	123,634
Office Expense	16,986	-	-	-	16,986
Payroll Processing	14,146	-	-	-	14,146
Postage	-	-	-	-	-
Professional Fees	-	8,591	-	-	8,591
Repairs and Maintenance	21,962	-	-	-	21,962
Taxes	18,473	-	-	-	18,473
Vehicle Expenses	14,788	-	-	-	14,788
Total Other Operating Expense	524,137	70,596	62,350	17,923	675,006
TOTAL EXPENSES	\$1,043,700	\$219,112	\$130,710	\$ 17,923	\$1,411,445

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

FLAGLER COUNTY HUMANE SOCIETY, INC.
Statement of Cash Flows
For the Year Ended September 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Cash Flows From Operating Activities				
Change in Net Assets	\$(18,410)	\$ -	\$ -	\$(18,410)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation and Amortization	49,145	-	-	49,145
Decreases (Increases) in Certain Assets:				
Accounts Receivable	(29,912)	-	-	(29,912)
Contributions Receivable	-	-	-	-
Prepaid Expenses	5,307	-	-	5,307
Inventory	(13,218)	-	-	(13,218)
Increases (Decreases) in Certain Liabilities:				
Accounts Payable	4,055	-	-	4,055
Deferred Revenue	(28,049)	-	-	(28,049)
Lines of Credit	-	-	-	-
Other Current Liabilities	18,877	-	-	18,877
Net Cash Provided by (Used In) Operating Activities	<u>(12,205)</u>	<u>-</u>	<u>-</u>	<u>(12,205)</u>
Cash Flows From Investing Activities				
Purchase of Property and Equipment	(44,972)	-	-	(44,972)
Sale of Property and Equipment	-	-	-	-
Principal Payments on Notes Payable	(9,779)	-	-	(9,779)
Net Cash Provided by (Used In) Investing Activities	<u>(54,751)</u>	<u>-</u>	<u>-</u>	<u>(54,751)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(66,956)</u>	<u>-</u>	<u>-</u>	<u>(66,956)</u>
Cash and Cash Equivalents, Beginning of Period	<u>137,487</u>	<u>-</u>	<u>-</u>	<u>137,487</u>
Cash and Cash Equivalents, End of Period	<u>\$ 70,531</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,531</u>

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

FLAGLER COUNTY HUMANE SOCIETY, INC.
Notes to Financial Statements
For the Year Ended September 30, 2018

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, 2018

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, 2018

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, 2018.

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, 2018

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	96,513
Furniture and office equipment	21,710
Vehicles	<u>61,993</u>
Less: Accumulated Depreciation	(637,582)
Property and Equipment, Net	<u><u>\$ 1,018,539</u></u>

NOTE 5 – Retirement Plan

The Society maintained a SIMPLE IRA plan for the benefit of its full time employees. The plan was started in 2016. As of September 30, 2018 the organization had not submitted the employer matching contributions to the SIMPLE IRA. The outstanding liability for the contributions reflected in other current liabilities is \$19,557.

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 \$6,008, plus property taxes, insurance, sales taxes, and common area maintenance. The lease expires on May 31, 2019

FLAGLER COUNTY HUMANE SOCIETY, INC.
Notes to Financial Statements
For the Year Ended September 30, 2018

NOTE 8 – Notes Payable

The Society has a note payable to a bank in monthly installments of \$1,112.84 including interest at a rate of 3.5%. The note matures on December 8, 2026.

	\$ 95,385
Less Current Maturities	<u>(7,784)</u>
	<u>\$ 87,601</u>

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

2018	\$ 7,784
2015	8,194
2019	8,626
2020	9,143
2021	9,867
2022 and beyond	<u>51,771</u>
	<u>\$ 95,385</u>

NOTE 9 – Litigation

For the year ended September 30, 2018, there were no pending litigation cases requiring disclosure in the notes to financial statements.

NOTE 10 – Subsequent Events

Subsequent Events were evaluated as of June 24, 2019. There were no subsequent events requiring disclosure in the notes to financial statements.