

**Humane Society of Manatee  
County, Inc.**

**Financial Statements**

**September 30, 2015**

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CAVANAUGH & CO, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Humane Society of Manatee County, Inc.

We have audited the accompanying financial statements of Humane Society of Manatee County, Inc., a nonprofit organization, which comprise the statement of financial position as of September 30, 2015, and the related statements of activities and changes in net assets, 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 of 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 Humane Society of Manatee County, Inc. as of September 30, 2015, 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.

**Report on Summarized Comparative Information**

We have previously audited Humane Society of Manatee County, Inc.'s 2014 financial statements, and our report dated February 17, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sarasota, Florida  
October 14, 2016

A handwritten signature in black ink that reads "Cavanaugh & Co. LLP". The signature is written in a cursive, flowing style with a large initial 'C'.

**Humane Society of Manatee County, Inc.**

**Statement of Financial Position**

September 30, 2015

	<u>ASSETS</u>			
	2015			2014
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Comparative Purposes Only)</u>
Current assets:				
Cash and cash equivalents	\$ 1,134,763	371,852	1,506,615	3,050,878
Investments	301,613	-	301,613	299,396
Accounts receivable	42,057	-	42,057	19,314
Pledges receivable	31,055	-	31,055	-
Inventory	15,412	-	15,412	18,792
Prepaid expenses	-	-	-	1,382
Total current assets	<u>1,524,900</u>	<u>371,852</u>	<u>1,896,752</u>	<u>3,389,762</u>
Property and equipment, net	<u>1,795,541</u>	<u>-</u>	<u>1,795,541</u>	<u>745,479</u>
Other assets:				
Investment in				
Community Foundation	572,400	-	572,400	102,177
Bequest receivable	<u>157,933</u>	<u>-</u>	<u>157,933</u>	<u>-</u>
Total other assets	<u>730,333</u>	<u>-</u>	<u>730,333</u>	<u>102,177</u>
Total assets	<u>\$ 4,050,774</u>	<u>371,852</u>	<u>4,422,626</u>	<u>4,237,418</u>

**LIABILITIES AND NET ASSETS**

Current liabilities:				
Accounts payable and accrued expenses	\$ 117,149	-	117,149	67,119
Deferred revenue	<u>69,673</u>	<u>-</u>	<u>69,673</u>	<u>-</u>
Total current liabilities	186,822	-	186,822	67,119
Net assets	<u>3,863,952</u>	<u>371,852</u>	<u>4,235,804</u>	<u>4,170,299</u>
Total liabilities and net assets	<u>\$ 4,050,774</u>	<u>371,852</u>	<u>4,422,626</u>	<u>4,237,418</u>

See accompanying notes to financial statements.

**Humane Society of Manatee County, Inc.**

**Statement of Activities and Changes in Net Assets**  
Year Ended September 30, 2015

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total (For Comparative Purposes Only)
<b>Revenues, gains and support:</b>				
Donations and grants	\$ 927,725	-	927,725	734,670
Medical clinic	576,371	-	576,371	454,522
Programs	87,282	-	87,282	74,352
Special events income	109,004	-	109,004	80,643
Special events expense	(37,856)	-	(37,856)	(37,690)
In-kind contributions	85,607	-	85,607	138,950
Miscellaneous	2,737	-	2,737	3,162
Investment income (loss)	(23,149)	-	(23,149)	5,295
Total revenues, gains and support	1,727,721	-	1,727,721	1,453,904
Net assets released from restrictions	387,759	(387,759)	-	-
Total revenues, gains and support and net assets released from restrictions	2,115,480	(387,759)	1,727,721	1,453,904
<b>Expenses:</b>				
Program services	1,395,228	-	1,395,228	1,218,752
Management and general	109,436	-	109,436	108,102
Fundraising	157,552	-	157,552	164,340
Total expenses	1,662,216	-	1,662,216	1,491,194
Change in net assets	453,264	(387,759)	65,505	(37,290)
Net assets at beginning of year	3,410,688	759,611	4,170,299	4,207,589
Net assets at end of year	\$ 3,863,952	371,852	4,235,804	4,170,299

See accompanying notes to financial statements.

**Humane Society of Manatee County, Inc.**

**Statement of Functional Expenses**  
Year Ended September 30, 2015

	2015					Total	2014 Comparative Purposes Only)
	Shelter	Medical Clinic	Total Program Services	Management and General	Fund- raising		
Leased payroll and benefits	\$ 318,433	458,784	777,217	74,378	31,989	883,584	785,215
Public clinic	88,891	-	88,891	-	-	88,891	151,912
Second Chance expenses	-	198,663	198,663	-	-	198,663	88,931
Retail merchandise	5,047	101,259	106,306	-	-	106,306	69,522
Office supplies	1,684	2,230	3,914	1,414	157	5,485	2,813
Utilities	12,201	19,695	31,896	1,212	1,211	34,319	35,047
Repairs and maintenance	8,577	16,042	24,619	858	857	26,334	45,670
Insurance	7,495	11,047	18,542	1,714	749	21,005	18,703
Equipment leases	6,712	4,437	11,149	-	-	11,149	8,588
Telephone	4,224	4,689	8,913	423	422	9,758	7,641
Donor cultivation	-	-	-	-	5,050	5,050	5,050
Professional fees	-	-	-	10,213	-	10,213	15,057
Advertising and marketing	-	25,166	25,166	-	24,190	49,356	82,838
Travel and entertainment	1,889	4,386	6,275	478	-	6,753	4,763
Bank and other fees	5,605	6,945	12,550	2,573	485	15,608	10,787
Printing and copying	1,625	2,650	4,275	2,438	1,157	7,870	5,621
Postage	-	74	74	819	1,008	1,901	2,029
Miscellaneous	12,991	9,942	22,933	9,925	-	32,858	15,883
Software and graphics	5,354	4,283	9,637	535	536	10,708	6,367
Fundraising	-	-	-	-	87,286	87,286	78,590
Total expenses before depreciation	480,728	870,292	1,351,020	106,980	155,097	1,613,097	1,441,027
Depreciation	24,560	19,648	44,208	2,456	2,455	49,119	50,167
Total expenses	\$ 505,288	889,940	1,395,228	109,436	157,552	1,662,216	1,491,194

See accompanying notes to financial statements.

**Humane Society of Manatee County, Inc.**

**Statement of Cash Flows**  
Year Ended September 30, 2015

	2015	2014 (Comparative Purposes Only)
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 65,505	(37,290)
Adjustments to reconcile change in net assets to to net cash from operating activities:		
Depreciation	49,119	50,167
Unrealized loss (gain) on investments	30,800	(2,177)
(Increase) decrease in:		
Accounts receivable	(22,743)	18,148
Pledges receivable	(31,055)	-
Inventory	3,380	(34)
Prepaid expenses	1,382	-
Bequest receivable	(157,933)	1,098,570
Increase (decrease) in:		
Accounts payable and accrued expenses	50,030	30,619
Deferred revenue	69,673	-
Net cash flows from operating activities	58,158	1,158,003
<b>Cash flows from investing activities:</b>		
Proceeds from redemption of certificates of deposit	-	200,280
Purchases of investments	(503,240)	(379,396)
Purchases of property and equipment	(1,099,181)	(381,469)
Net cash flows from investing activities	(1,602,421)	(560,585)
Net (decrease) increase in cash and cash equivalents	(1,544,263)	597,418
Beginning cash and cash equivalents	3,050,878	2,453,460
Ending cash and cash equivalents	\$ 1,506,615	3,050,878

See accompanying notes to financial statements.

Humane Society of Manatee County, Inc.

Notes to Financial Statements

September 30, 2015

**Note 1 – Organization and Summary of Significant Accounting Policies:**

Organization

Humane Society of Manatee County, Inc. ("the Organization") is a not-for-profit corporation that serves the residents of Manatee County by promoting the welfare of animals through its adoption and various veterinary services programs. Funding sources include program service fees, private donations, and public and private grants.

Basis of Accounting

The Organization's financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the *Accounting Standards Codification* for Not-for-Profit Entities. Accordingly, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net asset categories follows:

Unrestricted – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted – Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.

Permanently Restricted – Net assets restricted by donor to be maintained permanently by the Organization. No permanently restricted net assets were held at September 30, 2015.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

Certificates of Deposit

Certificates of deposit are measured at fair market value and mature at various dates with maturities ranging from three to twenty-four months.

## Humane Society of Manatee County, Inc.

### Notes to Financial Statements

September 30, 2015

#### **Note 1 – Organization and Summary of Significant Accounting Policies – continued:**

##### Accounts and Bequest Receivables

The Organization records accounts and bequest receivables at their net realizable value. An allowance for doubtful accounts is established based on specific assessment of all amounts that remain unpaid following normal payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period the determination is made. As of September 30, 2015, all receivables are considered fully collectible.

##### Inventory

Inventories are stated at the lower of cost or market determined by the first-in, first-out method and represent items of medicines and supplies.

##### Property and Equipment

It is the Organization's policy to capitalize property and equipment with a cost over \$500. Purchased property and equipment is capitalized at cost, except for donated assets, which are recorded at their fair market value at the time of the gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated on the straight-line method over their estimated useful lives.

##### Deferred Revenue

Revenues received from special events are recognized in the year the event occurs. Revenue received in the fiscal year prior to the event is deferred.

##### Contributions

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Contributions received with donor stipulations that limit the use of donated assets are treated as temporarily restricted net assets. When the purpose of the 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. Donor restricted contributions whose restrictions are met in the same fiscal year as when the donation is received are reported as unrestricted support.

## Humane Society of Manatee County, Inc.

### Notes to Financial Statements

September 30, 2015

#### **Note 1 – Organization and Summary of Significant Accounting Policies – continued:**

##### Donated Services

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

A substantial number of volunteers donated significant amounts of time to the Organization's program services and to its fundraising campaigns. The estimated value of these donated services has not been recorded in the accompanying financial statements.

##### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### 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 programs and supporting services benefited.

##### Income Taxes

The Organization is generally exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. There was no income tax liability for the year ended September 30, 2015.

Management has evaluated the effect of an accounting standard relating to accounting for uncertainty in income taxes. Management has determined that the Organization had no uncertain income tax positions that could have a significant effect on the financial statements for the year ended September 30, 2015. The Organization's federal income tax returns are subject to examination by the Internal Revenue Service, generally for three years after the federal income tax returns were filed.

##### Advertising

The Organization expenses advertising costs as incurred. Advertising expense for the year ended September 30, 2015, totaled \$49,356.

Humane Society of Manatee County, Inc.

Notes to Financial Statements

September 30, 2015

**Note 1 – Organization and Summary of Significant Accounting Policies – continued:**

Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2014, from which the summarized information was derived.

Uninsured Cash Balances

The Organization maintains its cash balances at several financial institutions located in Bradenton, Florida. As of September 30, 2015, certain accounts at financial institutions are subject to unlimited coverage by the Federal Deposit Insurance Corporation (FDIC). Certain other accounts at financial institutions are secured by the Federal Deposit Insurance Corporation up to \$250,000. Management considers this risk to be minimal. There were no cash balances in excess of FDIC limits at September 30, 2015. The Organization has approximately \$915,000 of cash in a brokerage account which is protected by the Savings Protection Insurance Corporation up to \$500,000, with additional coverage available. Management considers the risk of loss on deposit accounts to be minimal.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**Note 2 – Property and Equipment:**

Property and equipment consists of the following:

Land	\$	85,359
Building		1,510,917
Building improvements		203,119
Furniture, fixtures and equipment		305,608
Computers and software		31,537
Vehicles		<u>18,500</u>
Total property and equipment		2,155,040
Less: accumulated depreciation		<u>(359,499)</u>
Property and equipment, net	\$	<u>1,795,541</u>

## Humane Society of Manatee County, Inc.

### Notes to Financial Statements

September 30, 2015

#### **Note 2 – Property and Equipment - continued:**

Depreciation expense for the year ended September 30, 2015, was \$49,119. Depreciable lives are as follows:

	<u>Years</u>
Furniture, fixtures and equipment	3-10
Building and improvements	5-40

#### **Note 3 – Investments:**

The components of investments at September 30, 2015, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Accumulated Unrealized Gain (Loss)</u>
Investment in Community Foundation	\$ 600,000	572,400	(27,600)
Mutual funds	<u>305,447</u>	<u>301,613</u>	<u>(3,834)</u>
Total investments	<u>\$ 905,447</u>	<u>874,013</u>	<u>(31,434)</u>

Investment income (loss) for the year ended September 30, 2015 consists of the following:

Depository interest	\$ 7,651
Unrealized loss	<u>(30,800)</u>
Total investment income (loss)	<u>\$ (23,149)</u>

#### **Note 4 – Fair Value of Financial Assets and Liabilities:**

The Organization has adopted the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification. The Fair Value Measurements and Disclosures Topic provides enhanced guidance for using fair value to measure assets and liabilities and clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the assets or liabilities and establishes a hierarchy that prioritizes the information used to develop those assumptions.

The following table presents information about the Organization's assets and liabilities that are measured at fair value on a recurring basis as of September 30, 2015, and indicates the fair value hierarchy of the valuation techniques used to determine such fair value. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities, such as publicly traded equity securities.

**Humane Society of Manatee County, Inc.**

**Notes to Financial Statements**

September 30, 2015

**Note 4 – Fair Value of Financial Assets and Liabilities – continued:**

Level 2 – inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs other than quoted prices (interest rates, yield curves, etc.) or inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – inputs are unobservable data points for the assets or liability, and include situations where there is little, if any, market activity for the asset or liability (for example, hedge funds, private equity and other). The inputs reflect the Organization’s assumptions based on the best information available in the circumstance.

	<u>9/30/15</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investment in Community Foundation	\$ 572,400	-	-	572,400
Mutual funds	<u>301,613</u>	<u>301,613</u>	-	-
Total assets and liabilities at fair value	<u>\$ 874,013</u>	<u>301,613</u>	<u>-</u>	<u>572,400</u>

The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the period ended September 30, 2015:

	<u>Community Foundation Investment</u>
Balance - September 30, 2014	\$ 102,177
Contributions	500,000
Investment income (loss), net	<u>(29,777)</u>
Balance - September 30, 2015	<u>\$ 572,400</u>

**Note 5 – Temporarily Restricted Net Assets:**

At September 30, 2015, the Organization’s temporarily restricted net assets are available for the following:

Veterinary care	\$ 3,274
Care and treatment of animals	<u>368,578</u>
Total	<u>\$ 371,852</u>

**Humane Society of Manatee County, Inc.**

**Notes to Financial Statements**

September 30, 2015

**Note 6 – Employee Benefit Plan:**

Employees participate in a 401(k) plan that is administered and funded by the professional employer organization used by the Organization.

**Note 7 – Line of Credit:**

The Organization has a line of credit with a local bank for \$100,000. The line of credit, collateralized by real property held by the Organization, has an interest rate of 5.99 percent. There was no amount outstanding on the line of credit at September 30, 2015.

**Note 8 – Subsequent Events:**

Subsequent events have been evaluated through October 14, 2016, which is the date the financial statements were available to be issued.