ANIMAL SHELTER FOUNDATION, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

ANIMAL SHELTER FOUNDATION, INC.
TABLE OF CONTENTS
SEPTEMBER 30, 2013

	Page(s)
Independent Auditors' Report	1 – 2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements	7 – 10

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Animal Shelter Foundation, Inc.:

We have audited the accompanying statement of financial position of Animal Shelter Foundation, Inc. as of September 30, 2013, 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.

Auditors' 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.

121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386/257-4100
Fax: 386/255-3261
dab@jmco.com

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352/378-1331
Fax: 352/372-3741
gnv@jmco.com

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850/386-6184
Fax: 850/422-2074
tlh@jmco.com

Member of AGN International with offices in principal cities worldwide

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Animal Shelter Foundation, Inc. as of September 30, 2013, 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.

James Moore & Co., P.L.

Tallahassee, Florida
May 28, 2014

ANIMAL SHELTER FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2013

ASSETS

Current assets		
Cash and cash equivalents	$	64,109
Prepaid expenses		492
Beneficial interest in endowment		11,965
Total Assets	$	76,566

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	$	2,664
Net assets		
Unrestricted		73,902
Total Liabilities and Net Assets	$	76,566

The accompanying notes to financial statements
are an integral part of this statement.

ANIMAL SHELTER FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Unrestricted		
Support and revenues		
Direct public support	$	60,086
Fundraising		50,443
Membership dues		9,103
Interest income		3,101
Total support and revenues		122,733
Expenses		
Program services		89,905
Administrative services		6,596
Fundraising		22,923
Total expenses		119,424
Increase in net assets		3,309
Net assets, beginning of year		70,593
Net assets, end of year	$	73,902

The accompanying notes to financial statements
are an integral part of this statement.

ANIMAL SHELTER FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Cash flows from operating activities		
Cash received from grantors, members and contributors	$	118,550
Cash paid to suppliers and vendors		(120,419)
Interest received		3,101
Net cash provided by operating activities		1,232
Cash and cash equivalents, beginning of year		62,877
Cash and cash equivalents, end of year	$	64,109
Reconciliation of increase in net assets to net cash provided by operating activities		
Increase in net assets	$	3,309
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Decrease in accounts payable		(1,184)
Unrealized gain from beneficial interest in endowment		(1,082)
Decrease in prepaid expense		189
Total adjustments		(2,077)
Net cash provided by operating activities	$	1,232

The accompanying notes to financial statements
are an integral part of this statement.

ANIMAL SHELTER FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Program Services	Administrative Services	Fundraising	Total
Office	$ 423	$ 5,651	$ 2,297	$ 8,371
Animal health	63,899	-	-	63,899
Education	7,086	-	-	7,086
Fundraising	-	869	20,626	21,495
Shelter support	18,497	76	-	18,573
Total	$ 89,905	$ 6,596	$ 22,923	$ 119,424

The accompanying notes to financial statements
are an integral part of this statement.

ANIMAL SHELTER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies and practices of Animal Shelter Foundation, Inc. (the "Foundation") which affect significant elements of the accompanying financial statements:

(a) **General**—The Foundation is a not-for-profit corporation established to educate the community, encourage responsible pet ownership, and provide veterinary care and other resources to support the animals in the care of the Tallahassee Animal Service Center.

(b) **Income Taxes**— The Foundation is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements.

The Foundation files income tax returns in the U.S. Federal jurisdiction. The Foundation's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

The Foundation has reviewed and evaluated the relevant technical merits of each of their tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements.

(c) **Cash and Cash Equivalents**—For the purpose of reporting cash flows, cash and cash equivalents represent demand deposits held due from banks and short-term investments with original maturities of 90 days or less.

(d) **Use of 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.

(e) **Basis of Accounting**—The financial statements have been prepared on the accrual basis of accounting, and accordingly, reflect all significant payables and other liabilities.

(f) **Basis of Presentation**—The Foundation 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.

(g) **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.

(h) **Advertising**—Advertising costs are charged to operations as incurred. Advertising expense for the year ended September 30, 2013 was $675.

(1) **Summary of Significant Accounting Policies:** (Continued)

(i) **Contributions**—All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases these net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Contributed property and equipment is recorded at fair value at the date of donation. In the absence of donor-imposed stipulations regarding how long the contributed assets must be used, the Foundation has adopted a policy of not implying a time restriction on contributions of such assets.

(2) **Concentrations of Credit Risk:**

(a) **Demand and Time Deposits**—The Foundation maintains demand deposits with one bank. The Foundation has no policy requiring collateral to support its deposits, although all demand deposits with banks are insured up to Federal Deposit Insurance Corporation limits.

(3) **Beneficial Interest in Endowment:**

During the year ended September 30, 2013, the Foundation had a beneficial interest in an endowment held by The Community Foundation of North Florida, Inc. ("the Organization") for the purpose of helping to further and carry out the purpose of the Foundation. As of September 30, 2013, the fair value of the Foundation's endowment fund excluding third party contributions was $11,965.

Contractually, the Organization retains legal ownership of principal amounts contributed. However, because the Foundation names itself as the beneficiary of such contributions, even though the variance power is explicitly stated in the gift instrument to the Organization, the principal balances and any earnings or losses there on are reported as Beneficial Interest in Endowment on the Statement of Financial Position.

The Fund is subject to the variance power described in Treasury Reg. Sec.1.170A-9(e)(11)(v)(B)(1) of the Internal Revenue Code of 1986, as amended from time to time. The Organization has the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified Foundations, if in the sole judgment of the Foundation's Board of Directors (without the necessity of the approval of any trustee, custodian or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the north Florida community and other areas served by the corporation.

(4) **Fair Value Measurements:**

The Fair Value Measurements and Disclosures Topic of the FASB Codification defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The Codification requires the use of valuation techniques that are consistent with the market approach, the income approach, and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, the Codification establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

A description of the valuation methodologies used for assets measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

Beneficial interest in assets held by Community Foundation of North Florida, Inc. - Assets held by the Foundation are invested in equities and mutual funds that have quoted prices in active markets. Animal Shelter Foundation, Inc. adjusts its interest in the assets held by the Organization similar to the equity method of accounting, which results in the asset being carried at fair value. The interest in the assets held by the Organization is measured using level 3 inputs within the fair value hierarchy. These assets totaled $11,965 as of September 30, 2013. The following is a schedule of the current year activity of these level 3 assets at September 30, 2013:

	Endowment Fund
Balance, September 30, 2012	$ 10,883
Contributions	-
Unrealized gains (losses) relating to instruments still held at reporting date	1,082
Balance, September 30, 2013	$ 11,965

(5) **Subsequent Events:**

The Foundation has evaluated events and transactions for potential recognition or disclosure in the financial statements through May 28, 2014, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.