

**SUNCOAST HUMANE SOCIETY, INC.**  
**FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Suncoast Humane Society, Inc.  
Englewood, FL

We have audited the accompanying statement of financial position of Suncoast Humane Society, Inc. (a not-for-profit organization) as of December 31, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 Suncoast Humane Society, Inc. as of December 31, 2009, 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.

A handwritten signature in cursive script, appearing to read 'Flischel Murtha &amp; Assoc. P.A.', is written over the printed name of the firm.

Flischel, Murtha & Associates, P.A.

Englewood, FL  
March 5, 2010

**Suncoast Humane Society, Inc.**  
**Statement of Financial Position**  
**December 31, 2009**

**Assets**

Current Assets:

Cash and Cash Equivalents	\$ 63,998
Investment in Securities	88,627
Contract Billings Receivable	3,000
Inventory	96,619
Prepaid Expenses	<u>5,250</u>

Total Current Assets 257,494

Property and Equipment, net of accumulated depreciation	731,148
Endowment Investments	13,636
Loan Costs, net of accumulated amortization	5,133
Security Deposits	<u>12,770</u>

Total Assets \$ 1,020,181

**Liabilities and Net Assets**

Current Liabilities

Accounts Payable	\$ 61,906
Accrued Payroll Expenses	13,392
Sales Tax Payable	3,174
Current Portion of Mortgage Payable	<u>7,078</u>

Total Current Liabilities 85,550

Mortgage Payable, less Current Portion 345,407

Total Liabilities 430,957

Net Assets

Unrestricted	504,874
Temporarily Restricted	53,980
Permanently Restricted	<u>30,371</u>

Total Net Assets 589,225

Total Liabilities and Net Assets \$ 1,020,182

See accompanying notes to financial statements.

**Suncoast Humane Society, Inc.**  
**Statement of Activities**  
**For the Year Ended December 31, 2009**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>Public Support, Revenues, and Reclassifications</b>				
Contributions and Grants	\$ 317,714	\$ 102,922	\$ -	\$ 420,636
Program Revenues	187,113	-	-	187,113
Service Revenues	100,990	-	-	100,990
Adoption and Program Fees	134,380	-	-	134,380
Retail Sales, net of Purchases	493,384	-	-	493,384
Interest and Investment Income	6,602	-	-	6,602
Unrealized Gains on Investments	52,544	-	-	52,544
Net Assets Released from Restrictions				
Satisfaction of Purpose Restrictions	97,273	(97,273)	-	-
<b>Total Public Support, Revenues, and Reclassifications</b>	<b>1,390,000</b>	<b>5,649</b>	<b>-</b>	<b>1,395,649</b>
<b>Expenses</b>				
Program Services				
Animal Care	972,780	-	-	972,780
Education and Outreach	73,828	-	-	73,828
Thrift Shop	284,673	-	-	284,673
Supporting Service				
General and Administrative	40,774	-	-	40,774
Development and Communications	145,020	-	-	145,020
Realized Losses on Investments	23,356	-	-	23,356
<b>Total Expenses</b>	<b>1,540,431</b>	<b>-</b>	<b>-</b>	<b>1,540,431</b>
<b>Increase (Decrease) in Net Assets</b>	<b>(150,431)</b>	<b>5,649</b>	<b>-</b>	<b>(144,782)</b>
<b>Net Assets at Beginning of Year</b>	<b>655,305</b>	<b>48,331</b>	<b>30,371</b>	<b>734,007</b>
<b>Net Assets at End of Year</b>	<b>\$ 504,874</b>	<b>\$ 53,980</b>	<b>\$ 30,371</b>	<b>\$ 589,225</b>

See accompanying notes to financial statements.

**Suncoast Humane Society, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2009**

	<u><b>2009</b></u>
<b>Cash Flows from Operating Activities</b>	
<b>Decrease in Net Assets</b>	\$ (144,782)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation and Amortization	53,531
(Increase) Decrease in Operating Assets	
Inventory	(96,619)
Prepaid Expenses	399
Accounts Receivables	(193)
Security Deposits	(400)
Increase (Decrease) in Operating Liabilities	
Accounts Payable	42,887
Accrued Payroll Expense	(2,821)
	<hr/>
Net Cash Provided by Operating Activities	(147,998)
 <b>Cash Flows from Investing Activities</b>	
Purchase of Property and Equipment	(11,087)
Interest and Dividends from Securities	(6,356)
Loss on Sale of Securities	23,356
Unrealized Gain on Securities	(52,544)
Contribution of Securities	(9,920)
Proceeds from Sales on Securities	155,000
	<hr/>
Net Cash Used by Investing Activities	98,449
 <b>Cash Flows from Financing Activities</b>	
Payments on Mortgage Payable	(11,976)
	<hr/>
Net Cash Used by Financing Activities	(11,976)
 Net Increase in Cash and Cash Equivalents	(61,525)
 <b>Beginning Cash and Cash Equivalents</b>	<hr/> 125,524
 Ending Cash and Cash Equivalents	<hr/> <u>\$ 63,999</u>
 <b>Supplemental Data:</b>	
Interest Paid in 2009	<hr/> <u>\$ 18,737</u>

See accompanying notes to financial statements.

## **NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

### Nature of Activities

The Suncoast Humane Society, Inc. (the Organization) is a not-for-profit corporation whose specific purposes are:

1. Operating an animal care center which accepts all animals brought in and released by the public.
2. Returning lost animals to their owners.
3. Obtaining suitable homes for lost or unwanted animals deemed adoptable.
4. Providing humane euthanasia, by certified technicians for those animals not deemed adoptable, due to illness, injury, behavioral issues, or other factors.
5. Offering awareness and humane education programs.
6. Providing low cost preventative veterinary services for pets belonging to families on low or fixed income.

### Basis of Accounting

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

### Recognition of Donor Restricted Contributions and Service Revenue Receivables

Under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization does not recognize promises to give and therefore has no allowance for uncollectible promises receivable. The Organization recognizes service revenue from county contracts when the service is performed and an estimate of the reimbursable amount can be determined. The Organization also recognizes bequests if the estate has provided a final amount and payment is expected in less than one year.

### Contributed Services and Supplies

During the year ended December 31, 2009, there were no contributed services or other non-cash donations meeting the requirements for recognition in the financial statements. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

### Inventory

According to SFAS 154, the Organization's initial adoption of a new accounting principal for inventory allows a prospective treatment when a retrospective treatment is impracticable. The Organization's inventory is estimated at fair value using a sales turn-around of 4 times a year, per FASB ASC 958-605-30-9.

### Estimates

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

Suncoast Humane Society, Inc.  
Notes to Financial Statements  
December 31, 2009

**NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements for Not-for-Profit Organizations. Under SFAS No. 117, 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.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to 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 as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight line method. Depreciation expense for 2009 is \$52,709.79 for the following assets:

	<u>2009</u>
Building	\$1,039,230
Land and Improvements	72,795
Signs	14,929
Vehicles	39,166
Equipment	107,834
Furniture and Fixtures	20,025
Computer Equipment	19,927
Less: Accumulated Depreciation	<u>(582,756)</u>
Net Book Value	<u>\$ 731,150</u>

Income Taxes

The Organization is a not-for-profit corporation that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

**NOTE B - RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets are available for the following purposes as of December 31, 2009:

Angel Medical Fund	667
High pressure portable cleaner	5,000
GCCF - Marketing position	48,013
Venice Thrift Store Equipment	300
	<u>\$ 53,980</u>

Net assets were permanently restricted for the following purposes at December 31, 2009:

Land on San Casa Drive, Englewood, FL	\$ 30,371
	<u>\$ 30,371</u>

Suncoast Humane Society, Inc.  
Notes to Financial Statements  
December 31, 2009

**NOTE C - FUNCTIONAL ALLOCATION OF EXPENSES**

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

**NOTE D - INVESTMENT IN SECURITIES AND OTHER ASSETS**

Investments are stated at fair value and consist primarily of high grade bonds, certificates of deposit, and stock held at one institution and an endowment fund at a separate institution as follows:

<u>Investment Fund</u>	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Cash Management Fund	\$ 6,338	\$ 6,338	\$ -
Common Stocks	71,530	82,288	10,758
	<u>\$ 77,868</u>	<u>\$ 88,626</u>	<u>\$ 10,758</u>

The components of net investment income (loss) are as follows:

	2009
Dividends and interest	\$ 6,200
Realized losses	(23,356)
Unrealized gains (losses)	50,107
Income from investment fund	<u>\$ 32,951</u>

<u>Endowment Fund</u>	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Various securities	\$ 16,939	\$ 13,636	\$ (3,303)

The components of net investment income (loss) are as follows:

	2009
Dividends and interest	\$ 258
Unrealized gains (losses)	2,437
Management fees	(102)
Income from endowment fund	<u>\$ 2,593</u>

**NOTE E - MORTGAGE NOTE PAYABLE**

On April 16, 2004, the Organization obtained a note for \$481,205 secured by real property on San Casa Drive in Englewood, FL. The initial rate for the mortgage is 6.25% for five years, after which the rate will be 2.85% above the indexed five year rate for U.S. Treasury Securities. Payments of \$3,389 per month, including principal and interest, commenced on May 24, 2004.

The mortgage interest was adjusted in June 2009 per the original agreement. This will occur every 5 years. The new monthly payment is \$1,966.53, including principal and interest. The current interest rate is 4.73%.

The mortgage note is due in full April 24, 2016. The current estimated principal to be paid is as follows:

2010	7,078
2011	7,420
2012	7,779
2013	8,155
2014	8,549
Thereafter	<u>313,504</u>
	<u>\$ 352,485</u>