SUNCOAST HUMANE SOCIETY, INC.

AUDITED
FINANCIAL STATEMENTS

DECEMBER 31, 2011

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Suncoast Humane Society, Inc.
Englewood, Florida

We have audited the accompanying statement of financial position of Suncoast Humane Society, Inc. (a not-for-profit organization) as of December 31, 2011 and the related statements of activities and cash flow for the period 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 from 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, 2011 and the results of its operations and cash flows for the periods then ended in conformity with accounting principles generally accepted in the United States of America.

Terry L. Armentrout, CPA, P.A.

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Certified Public Accountant
July 2, 2012

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SUNCOAST HUMANE SOCIETY, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2011

ASSETS

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Current Assets				
Cash and cash equivalents	$ 118,635	1,245	-	119,880
Investment in securities	439,525	-	-	439,525
Inventory	120,193	-	-	120,193
Prepaid expenses	6,500	-	-	6,500
Total current assets	684,853	1,245	-	686,098
Other Assets				
Endowment fund	18,425	-	-	18,425
Loan costs, net of accumulated amortization	3,491	-	-	3,491
Security deposits	12,770	-	-	12,770
Property and equipment (net)	614,979	-	30,371	645,350
	$ 1,334,518	1,245	30,371	1,366,134

LIABILITIES AND NET ASSETS

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Current Liabilities				
Accounts payable	$ 6,724	-	-	6,724
Accrued payroll	7,124	-	-	7,124
Sales tax payable	3,343	-	-	3,343
Current portion of mortgage payable	7,749	-	-	7,749
Total current liabilities	24,940	-	-	24,940
Mortgage payable, less current portion	330,990	-	-	330,990
Net Assets				
Unrestricted	978,588	-	-	978,588
Temporarily restricted	-	1,245	-	1,245
Permanently restricted	-	-	30,371	30,371
Total net assets	978,588	1,245	30,371	1,010,204
	$ 1,334,518	1,245	30,371	1,366,134

Read Independent Auditor's Report
The accompanying notes are an integral part of these financial statements.

SUNCOAST HUMANE SOCIETY, INC.

STATEMENT OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue				
Contributions and grants	$ 927,575	2,430	-	930,005
Program revenue	243,372	-	-	243,372
Service revenue	214,129	-	-	214,129
Adoption and program fees	50,835	-	-	50,835
Retail store, net of purchases	493,893	-	-	493,893
Total Revenue	1,929,804	2,430	-	1,932,234
Expenses				
Program Services		-	-	-
Animal care	980,323	10,297	-	990,620
Education and outreach	56,268	-	-	56,268
Thrift shop	333,643	-	-	333,643
Supporting Services				
General and develpoment	101,900	4,618	-	106,518
Total Expenses	1,472,134	14,915	-	1,487,049
Other Income / (Expense)				
Interest and dividends	2,480	-	-	2,480
Other income	59	-	-	59
Unrealized gain on investments	4,950	-	-	4,950
Total Other Income	7,489	-	-	7,489
Change in net assets	465,159	(12,485)	-	452,674
Net assets, beginning of year	513,429	13,730	30,371	557,530
Net assets, end of year	$ 978,588	1,245	30,371	1,010,204

Read Independent Auditor's Report
The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOW

FOR THE YEARS ENDED DECEMBER 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Cash flows from operating activities:				
Change in net assets	$ 465,159	(12,485)	-	452,674
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	43,852	-	-	43,852
Changes in assets and liabilities (increase) decrease in:				
Inventory	(12,106)	-	-	(12,106)
Prepaid expenses	(2,395)	-	-	(2,395)
Increase (decrease) in:				-
Accounts payable	(24,868)	-	-	(24,868)
Accrued payroll	(5,055)	-	-	(5,055)
Sales tax payable	143	-	-	143
Net cash provided by operating activities	464,730	(12,485)	-	452,245
				-
Cash flows from investing activities:				
Decrease in endowment fund	29,028	-	-	29,028
Increase in investment account	(391,590)	-	-	(391,590)
Purchase of fixed assets	(3,400)	-	-	(3,400)
Net cash used in investing activities	(365,962)	-	-	(365,962)
Cash flows from financing activities:				
Payments on mortgage payable	(7,050)	-	-	(7,050)
Net cash used in financing activities	(7,050)	-	-	(7,050)
Net increase in cash	91,718	(12,485)	-	79,233
				-
Cash - beginning of the year	26,917	13,730	-	40,647
				-
Cash - end of year	$ 118,635	1,245	-	119,880

Read Independent Auditor's Report
The accompanying notes are an integral part of these financial statements.

Note A - Summary of Significant Accounting Policies

Nature of Business

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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures 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 these estimates.

Property and Equipment

Acquisitions of property and equipment in excess of $1,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Contributed Services and Supplies

During the year ended December 31, 2011, 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

The Organizations inventory is estimated at fair value using a sales turn-around time of 4 times a year.

Note A - Summary of Significant Accounting Policies, continued

Revenue Recognition

Under SFAS No.16, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily, 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 restriction expires 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 no allowance for uncollectible promises receivable. The Organization also does not recognize a bequest until the money is received but it is included when preparing future budgets.

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.

Cash and Cash Equivalents

Cash and cash equivalents include all the monies in the bank and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Basis of Presentation

Financial statement presentation follows the recommendation 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, temporarily restricted, and permanently restricted net assets.

Note B - **Property and Equipment**

Generally accepted accounting principles require that land and buildings be recorded at historical cost and that building, furniture and equipment be depreciated over the useful lives. Depreciation expense for 2011 was $43,031.

Property and equipment at December 31, 2011 consisted of the following:

Building	$ 1,039,230
Equipment	84,419
Land and improvements	72,795
Vehicles	39,165
Computer equipment	25,514
Clinical equipment	23,414
Furniture and fixtures	20,025
Signs	14,929
	1,319,491
Less: accumulated depreciation	674,141
Total Property and equipment	$ 645,350

Note C - **Restrictions on Net Assets**

Temporarily restricted net assets are available for the following purposes as of December 31, 2011

Angel Medical Fund	$ 1,245
	$ 1,245

Net assets were permanently restricted for the following purposes at December 31, 2011:

Land on San Casa	$ 30,371
	$ 30,371

Note D - **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 E - **Investment Securities and Endowment Funds**

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

Investment Fund	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Cash Management Fund	$ 187,369	187,369	-
Securities	257,985	252,156	(5,829)
Total	$ 445,354	439,525	(5,829)

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

Dividends and interest	$ 2,096
Unrealized gains	4,243
Income from investment fund	$ 6,339

Endowment Fund	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Various securities	$ 16,848	18,425	1,577
Total	$ 16,848	18,425	1,577

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

Dividends and interest	$ 384
Unrealized gains (losses)	707
Income from investment fund	$ 1,091

Note F - Mortgage Payable

On April 16, 2004, the Organization obtained a note for $481,205 secured by the real property on San Casa Drive in Englewood, Florida. The initial rate for the mortgage was 6.25% for five years, after which the rate will be 2.85% above the indexed five year rate for the 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 five years. The new monthly payment is $1,966.53, including principal and interest. The current interest rate is 4.76%.

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

2012	$ 7,749
2013	8,123
2014	8,516
2015	8,927
2016	305,424
Total	$ 338,739

Note G - Evaluation of Subsequent Events

The Organization has evaluated subsequent events through July 2, 2012, the date which the financial statements were available to be issued.