

SUNCOAST HUMANE SOCIETY, INC.

**AUDITED
FINANCIAL STATEMENTS**

DECEMBER 31, 2012 AND 2011

TABLE OF CONTENTS

Independent Auditor's Report	
Statements of Financial Position	1
Statements of Activities	2
Statements of Cash Flow	3
Notes to Financial Statements	4-9

**TERRY L.
ARMENTROUT
CPA, PA.**

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of Suncoast Humane Society, Inc. (a not-for-profit organization) as of December 31, 2012 and 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, 2012 and 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.



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September 6, 2013

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SUNCOAST HUMANE SOCIETY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011

ASSETS

	2012			2011
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Current Assets				
Cash and cash equivalents	\$ 85,666	8,634	-	94,300
Investment in securities	483,460	-	-	483,460
Inventory	119,684	-	-	119,684
Prepaid expenses	8,995	-	-	8,995
Total current assets	697,805	8,634	-	706,439
Other Assets				
Endowment fund	20,231	-	-	20,231
Loan costs, net of accumulated amortization	2,669	-	-	2,669
Security deposits	19,584	-	-	19,584
Property and equipment (net)	578,894	-	30,371	609,265
	\$ 1,319,183	8,634	30,371	1,358,188

LIABILITIES AND NET ASSETS

	2012			2011
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Current Liabilities				
Accounts payable	\$ 46,785	-	-	46,785
Accrued payroll	10,420	-	-	10,420
Sales tax payable	3,358	-	-	3,358
Current portion of mortgage payable	8,123	-	-	8,123
Total current liabilities	68,686	-	-	68,686
Mortgage payable, less current portion	323,138	-	-	323,138
Net Assets				
Unrestricted	927,359	-	-	927,359
Temporarily restricted	-	8,634	-	8,634
Permanently restricted	-	-	30,371	30,371
Total net assets	927,359	8,634	30,371	966,364
	\$ 1,319,183	8,634	30,371	1,358,188

Read Independent Auditor's Report

The accompanying notes are an integral part of these financial statements.

SUNCOAST HUMANE SOCIETY, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012				2011
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
Revenue					
Contributions and grants	\$ 541,779	12,241	-	554,020	930,005
Program revenue	207,027	-	-	207,027	243,372
Service revenue	223,082	-	-	223,082	214,129
Adoption and program fees	42,405	-	-	42,405	50,835
Retail store, net of purchases	490,653	-	-	490,653	493,893
Total Revenue	1,504,946	12,241	-	1,517,187	1,932,234
Expenses					
Program Services					
Animal care	1,052,472	3,741	-	1,056,213	990,620
Education and outreach	59,147	-	-	59,147	56,268
Thrift shop	355,427	-	-	355,427	333,643
Supporting Services					
General and development	99,428	1,111	-	100,539	106,518
Total Expenses	1,566,474	4,852	-	1,571,326	1,487,049
Other Income / (Expense)					
Interest and dividends	11,357	-	-	11,357	2,480
Other income	331	-	-	331	59
Realized gain on investments	6,928	-	-	6,928	-
Unrealized losses on investments	(8,317)	-	-	(8,317)	4,950
Total Other Income	10,299	-	-	10,299	7,489
Change in net assets	(51,229)	7,389	-	(43,840)	452,674
Net assets, beginning of year	978,588	1,245	30,371	1,010,204	557,530
Net assets, end of year	\$ 927,359	8,634	30,371	966,364	1,010,204

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SUNCOAST HUMANE SOCIETY, INC.

STATEMENTS OF CASH FLOW

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012			2011
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Cash flows from operating activities:				
Change in net assets	\$ (51,229)	7,389	-	(43,840)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	41,673	-	-	41,673
Changes in assets and liabilities				
(Increase) decrease in:				
Inventory	509	-	-	509
Prepaid expenses	(2,495)	-	-	(2,495)
Security deposits	(6,814)	-	-	-
Increase (decrease) in:				
Accounts payable	40,061	-	-	40,061
Accrued payroll	3,296	-	-	3,296
Sales tax payable	15	-	-	15
Net cash provided by operating activities	25,016	7,389	-	32,405
Cash flows from investing activities:				
Increase in endowment fund	(1,806)	-	-	(1,806)
Increase in investment account	(43,935)	-	-	(43,935)
Purchase of fixed assets	(4,766)	-	-	(4,766)
Net cash used in investing activities	(50,507)	-	-	(50,507)
Cash flows from financing activities:				
Payments on mortgage payable	(7,478)	-	-	(7,478)
Net cash used in financing activities	(7,478)	-	-	(7,478)
Net increase (decrease) in cash	(32,969)	7,389	-	(25,580)
Cash - beginning of the year	118,635	1,245	-	119,880
Cash - end of year	\$ 85,666	8,634	-	94,300

Read Independent Auditor's Report

The accompanying notes are an integral part of these financial statements.

SUNCOAST HUMANE SOCIETY, INC.

NOTES TO 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 years ended December 31, 2012 and 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.

SUNCOAST HUMANE SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

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.

SUNCOAST HUMANE SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

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 2012 and 2011 was \$40,853 and \$43,031, respectively.

Property and equipment at December 31, 2012 and 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
Building	\$ 1,039,230	1,039,230
Equipment	84,419	84,419
Land and improvements	72,795	72,795
Vehicles	39,165	39,165
Computer equipment	25,514	25,514
Clinical equipment	23,415	23,414
Furniture and fixtures	20,025	20,025
Signs	19,696	14,929
	<u>1,324,259</u>	<u>1,319,491</u>
Less: accumulated depreciation	714,994	674,141
Total Property and equipment	<u>\$ 609,265</u>	<u>645,350</u>

Note C - Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes as of December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Angel Medical Fund	\$ 1,245	1,245
Restoration Project	7,389	-
	<u>\$ 8,634</u>	<u>1,245</u>

Permanently restricted net assets are available for the following purposes as of December 31, 2012 and 2011:

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

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.

SUNCOAST HUMANE SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

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 for 2012:

<u>Investment Fund</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Cash Management Fund	\$ 64,730	64,730	-
Securities	432,763	418,728	(14,035)
Total	<u>\$ 497,493</u>	<u>483,458</u>	<u>(14,035)</u>

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

Dividends and interest	\$ 11,007
Realized gains	6,107
Unrealized losses	<u>(9,180)</u>
Income from investment fund	<u>\$ 7,934</u>

<u>Endowment Fund</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Various securities	\$ 17,791	20,230	2,439
Total	<u>\$ 17,791</u>	<u>20,230</u>	<u>2,439</u>

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

Dividends and interest	\$ 350
Realized gains	821
Unrealized gains	<u>863</u>
Income from investment fund	<u>\$ 2,034</u>

SUNCOAST HUMANE SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

Note E - Investment Securities and Endowment Funds - Continued

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 for 2011:

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

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

Dividends and interest	\$ 2,096
Unrealized gains	<u>4,243</u>
Income from investment fund	<u>\$ 6,339</u>

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

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

Dividends and interest	\$ 384
Unrealized gains (losses)	<u>707</u>
Income from investment fund	<u>\$ 1,091</u>

SUNCOAST HUMANE SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

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:

	<u>2012</u>	<u>2011</u>
2012	\$ -	7,749
2013	8,123	8,123
2014	8,516	8,516
2015	8,927	8,927
2016	305,695	305,424
Total	<u>\$ 331,261</u>	<u>338,739</u>

Note G - Evaluation of Subsequent Events

The Organization has evaluated subsequent events through September 6, 2013, the date which the financial statements were available to be issued.