SUNCOAST HUMANE SOCIETY, INC.

AUDITED
FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

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TERRY L.
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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 statements of financial position of Suncoast Humane Society, Inc. (a not-for-profit organization) as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depended 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 Suncoast Humane Society, Inc. as of December 31, 2013 and 2012 and the results of its operations and cash flows for the years 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
June 3, 2014

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SUNCOAST HUMANE SOCIETY, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2013 AND 2012

ASSETS

	2013				2012
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Current Assets					
Cash and cash equivalents	$ 73,633	16,212	-	89,845	94,300
Investment in securities	260,793	-	-	260,793	483,460
Inventory	143,370	-	-	143,370	119,684
Prepaid expenses	7,520	-	-	7,520	8,995
Total current assets	485,316	16,212	-	501,528	706,439
Other Assets					
Endowment fund	21,997	-	-	21,997	20,231
Loan costs,			-		
net of accumulated amortization	1,848	-	-	1,848	2,669
Security deposits	17,584	-	-	17,584	19,584
Land	327,367	-	-	327,367	-
Property and equipment (net)	553,694	-	30,371	584,065	609,265
	$ 1,407,806	16,212	30,371	1,454,389	1,358,188

LIABILITIES AND NET ASSETS

	2013				2012
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Current Liabilities					
Accounts payable	$ 20,930	-	-	20,930	46,785
Accrued payroll	17,052	-	-	17,052	10,420
Sales tax payable	1,949	-	-	1,949	3,358
Current portion of mortgage payable	8,516	-	-	8,516	8,123
Total current liabilities	48,447	-	-	48,447	68,686
Long-Term Liabilites					
Mortgage payable, less current portion	314,732	-	-	314,732	323,138
Total long-term liabilities	314,732	-	-	314,732	323,138
Total liabilites	363,179	-	-	363,179	391,824
Net Assets					
Unrestricted	1,044,627	-	-	1,044,627	927,359
Temporarily restricted	-	16,212	-	16,212	8,634
Permanently restricted	-	-	30,371	30,371	30,371
Total net assets	1,044,627	16,212	30,371	1,091,210	966,364
	$ 1,407,806	16,212	30,371	1,454,389	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, 2013 AND 2012

	2013				2012
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Revenue					
Contributions and grants	$ 560,188	14,802	-	574,990	554,020
Program revenue	217,669	-	-	217,669	207,027
Service revenue	235,361	-	-	235,361	223,082
Adoption and program fees	68,387	6,150	-	74,537	42,405
Retail store, net of purchases	611,110	-	-	611,110	490,653
Total Revenue	1,692,715	20,952	-	1,713,667	1,517,187
Expenses					
Program Services					
Animal care	1,085,559	2,987	-	1,088,546	1,056,213
Education and outreach	61,702	-	-	61,702	59,147
Thrift shop	409,661	-	-	409,661	355,427
Supporting Services					
General and develpoment	132,542	10,387	-	142,929	100,539
Total Expenses	1,689,464	13,374	-	1,702,838	1,571,326
Other Income / (Expense)					
Interest and dividends	11,174	-	-	11,174	11,357
Other income	365	-	-	365	331
Realized gain on investments	145,845	-	-	145,845	6,928
Unrealized losses on investments	(43,367)	-	-	(43,367)	(8,317)
Total Other Income	114,017	-	-	114,017	10,299
Change in net assets	117,268	7,578	-	124,846	(43,840)
Net assets, beginning of year	927,359	8,634	30,371	966,364	1,010,204
Net assets, end of year	$ 1,044,627	16,212	30,371	1,091,210	966,364

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SUNCOAST HUMANE SOCIETY, INC.

STATEMENTS OF CASH FLOW

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2012				2011
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Cash flows from operating activities:					
Change in net assets	$ 117,268	7,578	-	124,846	(43,840)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:					
Depreciation and amortization	37,693	-	-	37,693	41,673
Changes in assets and liabilities (Increase) decrease in:					
Inventory	(23,686)	-	-	(23,686)	509
Prepaid expenses	1,475	-	-	1,475	(2,495)
Security deposits	2,000	-	-	2,000	(6,814)
Increase (decrease) in:		-	-	-	-
Accounts payable	(25,855)	-	-	(25,855)	40,061
Accrued payroll	6,633	-	-	6,633	3,296
Sales tax payable	(1,409)	-	-	(1,409)	15
Net cash provided by operating activities	114,119	7,578	-	121,697	32,405
				-	-
Cash flows from investing activities:					
Increase in endowment fund	(1,766)	-	-	(1,766)	(1,806)
Decrease in investment account	222,667	-	-	222,667	(43,935)
Purchase of land	(327,367)	-	-	(327,367)	-
Purchase of fixed assets	(11,673)	-	-	(11,673)	(4,766)
Net cash used in investing activities	(118,139)	-	-	(118,139)	(50,507)
Cash flows from financing activities:					
Payments on mortgage payable	(8,013)	-	-	(8,013)	(7,478)
Net cash used in financing activities	(8,013)	-	-	(8,013)	(7,478)
Net increase (decrease) in cash	(12,033)	7,578	-	(4,455)	(25,580)
				-	-
Cash - beginning of the year	85,666	8,634	-	94,300	119,880
				-	-
Cash - end of year	$ 73,633	16,212	-	89,845	94,300

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 years ended December 31, 2013 and 2012, 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.

Fund Accounting

The Organization maintains its accounts using fund accounting and prepares its financial statements on the accrual basis of accounting. The unrestricted fund is used at the discretion of the Board of Directors. The temporarily restricted fund is specially designated for use by the donor for a period of time. The permanently restricted assets can only be used for the purpose specified by the donor.

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 2013 and 2012 was $36,871 and $40,853, respectively.

Property and equipment at December 31, 2013 and 2012 consisted of the following:

		2013	2012
Building	$	1,039,230	1,039,230
Equipment		96,092	84,419
Land and improvements		400,162	72,795
Vehicles		39,165	39,165
Computer equipment		25,514	25,514
Clinical equipment		23,415	23,415
Furniture and fixtures		20,025	20,025
Signs		19,696	19,696
		1,663,299	1,324,259
Less: accumulated depreciation		751,865	714,994
Total Property and equipment	$	911,434	609,265

Note C - Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes as of December 31, 2013 and 2012:

	2013	2012
Angel Medical Fund	$ 4,408	1,245
Restoration Project	11,804	7,389
	$ 16,212	8,634

Permanently restricted net assets are available for the following purposes as of December 31, 2013 and 2012:

Land on San Casa Drive	$ 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 for 2013:

Investment Fund	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Cash Management Fund	$ 31,284	31,284	-
Securities	179,044	229,509	50,465
Total	$ 210,328	260,793	50,465

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

Dividends and interest	$ 10,865
Realized gains	144,797
Unrealized losses	(44,034)
Income from investment fund	$ 111,628

Endowment Fund	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Various securities	$ 17,791	21,997	4,206
Total	$ 17,791	21,997	4,206

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

Dividends and interest	$ 309
Realized gains	1,048
Unrealized gains	667
Income from investment fund	$ 2,024

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 2012:

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

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

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

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

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

Dividends and interest	$ 350
Realized gains	821
Unrealized gains	863
Income from investment fund	$ 2,034

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 current monthly payment is $1,966.53, including principal and interest. The current interest rate is 4.76%. The Organization paid $15,586 and $16,120 for interest during the year ended December 31, 2013 and 2012.

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

	2013	2012
2013	-	8,123
2014	8,516	8,516
2015	8,927	8,927
2016	305,805	305,695
Total	$ 323,248	331,261

Note G Purchase of Land

In December of 2013, the Organization purchased land in the amount of $327,367. The land will be used to build a new facility.

Note H - Evaluation of Subsequent Events

The Organization has evaluated subsequent events through May 14, 2014, the date which the financial statements were available to be issued and no material items were found.