

**FIRST COAST NO MORE HOMELESS PETS, INC.
(A NONPROFIT ORGANIZATION)**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
AND INDEPENDENT AUDITOR'S REPORT**

YEAR ENDED SEPTEMBER 30, 2017 AND 2016

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MEMBERS
AICPA AND
FICPA

INDEPENDENT AUDITORS' REPORT

Board of Directors
First Coast No More Homeless Pets, Inc.
Jacksonville, Florida

We have audited the accompanying financial statements of First Coast No More Homeless Pets, Inc. (the "Organization") (A Nonprofit Corporation) which comprise the statements of financial position as of September 30, 2017 and 2016 and the related statements of activities, functional expenses 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 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.

Auditor's Responsibility

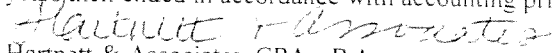
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.


Hartnett & Associates, CPAs, P.A.
Jacksonville, Florida
November 13, 2017

FIRST COAST NO MORE HOMELESS PETS, INC.
(A NONPROFIT ORGANIZATION)

STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2017 and 2016

ASSETS

	September 30	
	2017	2016
Current Assets:		
Cash and cash equivalents (Note B)	\$ 95,795	\$ 19,249
Accounts receivable	514,331	391,397
Pledges receivable	215,018	-
Refundable deposits	7,720	7,254
Inventory	90,439	135,996
	<u>923,303</u>	<u>553,896</u>
Total Current Assets		
Fixed Assets:		
Land	68,750	68,750
Buildings and improvements	3,220,803	3,216,853
Machinery and equipment	828,267	812,754
Furniture and fixtures	94,683	94,693
Vehicles	163,117	162,817
	<u>4,375,620</u>	<u>4,355,867</u>
Less accumulated depreciation	(1,132,834)	(936,044)
	<u>3,242,786</u>	<u>3,419,823</u>
Total Fixed Assets		
Total Assets	<u>\$ 4,166,089</u>	<u>\$ 3,973,719</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable and accrued expenses	\$ 642,539	\$ 624,052
Deferred revenue	278,767	203,166
Current portion of notes payable	289,282	311,096
	<u>1,210,588</u>	<u>1,138,314</u>
Total Current Liabilities		
Notes payable, net of current portion	2,522,161	2,653,520
	<u>3,732,749</u>	<u>3,791,834</u>
Total Liabilities		
Net Assets:		
Unrestricted	433,340	181,885
Temporarily restricted	-	-
	<u>433,340</u>	<u>181,885</u>
Total Net Assets		
Total Liabilities and Net Assets	<u>\$ 4,166,089</u>	<u>\$ 3,973,719</u>

See notes to financial statements

**FIRST COAST NO MORE HOMELESS PETS, INC.
(A NONPROFIT ORGANIZATION)**

**STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2017 and 2016**

Unrestricted Support and Revenue:	Year Ended September 30	
	<u>2017</u>	<u>2016</u>
Program service fees	\$ 6,688,114	\$ 4,888,251
Contributions (includes in-kind of \$219,560 and \$291,638)	1,166,468	919,610
Grants	121,545	601,222
Special events	163,250	145,552
Thrift store sales	-	72,332
Miscellaneous	50,520	37,462
	<u>8,189,897</u>	<u>6,664,429</u>
Total public support and revenues		
EXPENSES:		
Program services:		
Animal protection and care	7,028,033	5,856,577
Supporting services:		
General and administrative	506,370	532,124
Fundraising	404,039	271,252
Total expenses	<u>7,938,442</u>	<u>6,659,953</u>
INCREASE IN NET ASSETS	251,455	4,476
NET ASSETS AT BEGINNING OF YEAR	<u>181,885</u>	<u>177,409</u>
NET ASSETS AT END OF YEAR	<u>\$ 433,340</u>	<u>\$ 181,885</u>

See notes to financial statements.

**FIRST COAST NO MORE HOMELESS PETS, INC.
(A NONPROFIT ORGANIZATION)**

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Program Services	Supporting Services		Total Expenses
	Animal Protection & Care	General & Administrative	Fund Raising	
Wages and benefits	\$ 3,604,028	\$ 288,704	\$ 268,990	\$ 4,161,722
Payroll taxes	275,469	22,848	19,822	318,139
	<u>3,879,497</u>	<u>311,552</u>	<u>288,812</u>	<u>4,479,861</u>
Advertising (includes \$22,125 in-kind)	158,368	-	17,252	175,620
Automotive expenses	18,821	-	-	18,821
Bank services charges	110,760	1,591	4,591	116,942
Computer expense	55,876	4,885	10,600	71,361
Depreciation	169,240	13,775	13,775	196,790
Direct mail	-	-	17,485	17,485
Dues and subscriptions	8,036	-	386	8,422
Insurance	611	29,130	-	29,741
Interest expense	103,144	47,570	3,864	154,578
Licenses and permits	434	872	-	1,306
Miscellaneous expenses	12,685	814	6,322	19,821
Office supplies	10,911	1,155	554	12,620
Postage and delivery	779	935	2,454	4,168
Printing and reproduction	26,283	3,331	4,310	33,924
Professional fees (includes \$10,105 in-kind)	14,002	26,084	1,624	41,710
Program supplies (includes \$150,949 in-kind)	2,297,672	-	-	2,297,672
Rent	12,768	-	-	12,768
Repairs and maintenance (includes \$32,881 in-kind)	14,836	41,911	205	56,952
Special event expenses (includes \$3,500 in-kind)	-	-	9,263	9,263
Training	553	-	-	553
Travel	8,135	-	1,283	9,418
Utilities	124,622	22,765	21,259	168,646
Total expenses	<u>\$ 7,028,033</u>	<u>\$ 506,370</u>	<u>\$ 404,039</u>	<u>\$ 7,938,442</u>

See notes to financial statements.

**FIRST COAST NO MORE HOMELESS PETS, INC.
(A NONPROFIT ORGANIZATION)**

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Program Services	Supporting Services		Total Expenses
		General & Administrative	Fund Raising	
Wages and benefits	\$ 2,715,439	\$ 243,388	\$ 145,020	\$ 3,103,847
Payroll taxes	212,246	19,337	11,881	243,464
	<u>2,927,685</u>	<u>262,725</u>	<u>156,901</u>	<u>3,347,311</u>
Advertising (includes \$208,420 in-kind)	419,199	-	4,956	424,155
Automotive expenses	24,505	-	-	24,505
Bank services charges	94,728	-	2,377	97,105
Computer expense	10,628	57,196	6,363	74,187
Depreciation	188,064	15,307	15,307	218,678
Direct mail	-	-	35,937	35,937
Dues and subscriptions	11,693	-	300	11,993
Insurance	1,988	21,977	-	23,965
Interest expense	-	107,055	-	107,055
Licenses and permits	10,115	809	-	10,924
Miscellaneous expenses	35,960	4,100	3,175	43,235
Office supplies	27,110	2,226	1,160	30,496
Postage and delivery	9,000	837	3,312	13,149
Printing and reproduction	21,851	13,032	4,671	39,554
Professional fees (includes \$10,000 in-kind)	11,619	19,868	640	32,127
Program supplies (includes \$73,218 in-kind)	1,899,872	2,900	1,847	1,904,619
Rent	22,712	-	-	22,712
Repairs and maintenance	17,406	4,027	-	21,433
Special event expenses	-	-	14,981	14,981
Training	4,034	-	-	4,034
Trapping expenses	3,072	-	-	3,072
Travel	807	-	-	807
Utilities	114,529	20,065	19,325	153,919
	<u>\$ 5,856,577</u>	<u>\$ 532,124</u>	<u>\$ 271,252</u>	<u>\$ 6,659,953</u>

See notes to financial statements.

**FIRST COAST NO MORE HOMELESS PETS, INC.
(A NONPROFIT ORGANIZATION)**

**STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

OPERATING ACTIVITIES:	Year Ended September 30	
	2017	2016
Increase in net assets	\$ 251,455	\$ 4,476
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	196,790	218,678
Change in accounts receivable	(122,934)	(23,210)
Change in pledges receivable	(215,018)	-
Change in refundable deposits	(466)	357
Change in inventory	45,557	(81,533)
Change in accounts payable and accrued expenses	18,487	(204,587)
Change in deferred revenue	75,601	113,096
Net cash provided from operating activities	<u>249,472</u>	<u>27,277</u>
 INVESTING ACTIVITIES:		
Purchase of fixed assets	<u>(19,753)</u>	<u>(1,489,663)</u>
Net cash used in investing activities	<u>(19,753)</u>	<u>(1,489,663)</u>
 FINANCING ACTIVITIES:		
Payoff of notes payable	<u>(153,173)</u>	<u>1,442,537</u>
Net cash provided by (used in) financing activities	<u>(153,173)</u>	<u>1,442,537</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	76,546	(19,849)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>19,249</u>	<u>39,098</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 95,795</u>	<u>\$ 19,249</u>
 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid	<u>\$ 154,578</u>	<u>\$ 107,055</u>

See notes to financial statements.

**FIRST COAST NO MORE HOMELESS PETS, INC.
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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

A. ORGANIZATION

First Coast No More Homeless Pets, Inc. (the “Organization”) was organized in Jacksonville, Florida in 2002 as a nonprofit corporation to eliminate the killing of dogs and cats in northeast Florida through targeted spaying and neutering programs. Revenues are derived principally from program service fees, contributions and grants.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and the changes therein are classified and reported as follows:

- a. *Unrestricted net assets* – Net assets and contributions not subject to donor-imposed stipulations.
- b. *Temporarily restricted net assets* – Net assets and contributions subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or passage of time. After the donor-imposed time or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported within the statement of activities as net assets released from restrictions.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Federal, state, and local grants are recognized as unrestricted revenue to the extent expenses have been incurred under the terms of the respective grant agreements. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by donor stipulation or by law.

Cash and Cash Equivalents – Cash and cash equivalents principally include cash on hand, cash on deposit, certificates of deposit, and investments with an original maturity of three months or less.

FIRST COAST NO MORE HOMELESS PETS, INC.
(A NONPROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2017 AND 2016 (CONTINUED)

Contributions – Contributions, including unconditional promises to give due in future periods, are recognized as revenues in the period made or received. Conditional promises to give, which depend upon specified future and uncertain events, are recognized as revenue when the conditions upon which they depend are substantially met.

Fixed Assets – Fixed assets are recorded at cost or estimated value at date of donation. Depreciation is computed using the straight-line method over estimated useful lives of 5 to 10 years for equipment, 40 years for improvements, and 40 years for buildings.

Functional Expenses – Certain expenses have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Tax Status – The Organization is exempt from Federal and state income taxes under Internal Revenue Code Section 501(c)(3).

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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 those estimates.

Advertising Costs - A substantial portion of advertising expenses are donated free of charge, including broadcast media advertisements of program services and special events. Costs are estimated based on fees charged for like-kind advertisements. Recognition in the statement of activities occurs when the costs are incurred.

Volunteer Services - The Organization receives significant donated services from unpaid volunteers assisting in program, management, and fundraising activities. No amounts have been recognized in the statement of activities because the criteria for recognition under FASB ASC 958-10-20 have not been satisfied. Management estimates that there were approximately 6,444 and 6,000 hours of volunteer service rendered to the Organization during the years ended September 30, 2017 and 2016.

Inventory – Inventory is stated at cost. The inventory is counted once a month and adjusted to actual.

**FIRST COAST NO MORE HOMELESS PETS, INC.
(A NONPROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2017 AND 2016 (CONTINUED)**

C. OPERATING LEASES

The Organization uses operating leases for rental of equipment, buildings and parking space. These leases are month-to-month, with no minimum lease commitments extending beyond the current month.

Rental expense under the leases described above during the years ended September 30, 2017 and 2016 was \$12,768 and \$22,712, respectively.

D. NOTES PAYABLE

The Organization has two notes payable to a board member, secured by furniture and equipment, at an annual rate of 4.25%. Principal and interest is computed using a 10-year amortization schedule. Such amortization requires monthly payments of \$4,846 including interest. The balance on these two notes at September 30, 2017 and 2016 was \$324,304 and \$360,751, respectively.

The Organization has one note payable to a board member, secured by furniture and equipment, at an annual rate of 8.0%. Principal and interest is computed using a 23-month amortization schedule. The balance on this note at September 30, 2017 and 2016 was \$26,302 and \$114,682, respectively.

The Organization has a 4.25% note payable to a commercial bank with principal payments beginning April 1, 2013. Principal and interest is computed using a 20-year amortization schedule. Such amortization requires monthly payments of \$2,167 (including interest). The note is secured by a mortgage on the Organization's real estate. The balance on this note at September 30, 2017 and 2016 was \$313,518 and \$321,404, respectively.

The Organization has a 3% note payable to the City of Jacksonville, Florida. Monthly payments of \$1,005 (including interest) are computed using a 25-year amortization schedule. On June 1, 2019, a balloon payment of the balance (estimated at \$144,748) will be due. The note is secured by a second mortgage on the Organization's real estate. The balance on this note at September 30, 2017 and 2016 was \$156,489 and \$163,761, respectively.