

**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, 2016 AND 2015

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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 statement of financial position of First Coast No More Homeless Pets, Inc. (the "Organization") (A Nonprofit Corporation) as of September 30, 2016 and 2015 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization. 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 the Organization as of September 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Hartnett & Associates

Hartnett & Associates, CPAs, P.A.
Jacksonville, Florida
November 10, 2016

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

**STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2016 and 2015**

ASSETS

	September 30	
	2016	2015
Current Assets:		
Cash and cash equivalents (Note B)	\$ 19,249	\$ 39,098
Accounts receivable	391,397	368,187
Refundable deposits	7,254	7,611
Inventory	135,996	54,463
Total Current Assets	553,896	469,359
Fixed Assets:		
Land	68,750	68,750
Buildings and improvements	3,216,853	2,084,701
Machinery and equipment	812,754	473,865
Furniture and fixtures	94,693	76,070
Vehicles	162,817	186,567
	4,355,867	2,889,954
Less accumulated depreciation	(936,044)	(741,116)
Total Fixed Assets	3,419,823	2,148,838
Total Assets	\$ 3,973,719	\$ 2,618,197

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable and accrued expenses	\$ 624,052	\$ 828,639
Deferred revenue	203,166	90,070
Current portion of notes payable	311,096	64,406
Total Current Liabilities	1,138,314	983,115
Notes payable, net of current portion	2,653,520	1,457,673
Total Liabilities	3,791,834	2,440,788
Net Assets:		
Unrestricted	181,885	177,409
Temporarily restricted	-	-
Total Net Assets	181,885	177,409
Total Liabilities and Net Assets	\$ 3,973,719	\$ 2,618,197

See notes to financial statements.

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

**STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2016 and 2015**

Unrestricted Support and Revenue:	Year Ended September 30	
	2016	2015
Program service fees	\$ 4,888,251	\$ 4,398,561
Contributions (includes in-kind of \$291,638)	919,610	1,205,504
Grants	601,222	382,370
Special events	145,552	156,603
Thrift store sales	72,332	105,968
Miscellaneous	37,462	11,772
Total public support and revenues	6,664,429	6,260,778
EXPENSES:		
Program services:		
Animal protection and care	5,856,577	5,415,900
Supporting services:		
General and administrative	532,124	459,173
Fundraising	271,252	279,309
Total expenses	6,659,953	6,154,382
INCREASE IN NET ASSETS	4,476	106,396
NET ASSETS AT BEGINNING OF YEAR	177,409	71,013
NET ASSETS AT END OF YEAR	\$ 181,885	\$ 177,409

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

See notes to financial statements.

**FIRST COAST NO MORE HOMELESS PETS, INC.
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**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Program Services	Supporting Services	Total Expenses
	Animal Protection & Care	General & Administrative	Fund Raising
Wages and benefits	\$ 2,464,793	\$ 213,824	\$ 148,754
Payroll taxes	196,626	15,411	12,277
	2,661,419	229,235	161,031
Advertising (includes \$208,420 in-kind)	448,643	-	3,755
Automotive expenses	41,463	-	-
Bank services charges	62,541	1,805	2,560
Computer expense	-	52,350	3,902
Depreciation	119,938	9,763	9,763
Direct mail	-	-	24,335
Dues and subscriptions	5,874	-	1,808
Insurance	-	27,786	-
Interest expense	-	63,539	-
Licenses and permits	1,057	4,342	-
Miscellaneous expenses	26,474	374	2,911
Office supplies	8,393	2,116	736
Postage and delivery	1,887	1,044	7,206
Printing and reproduction	19,850	6,476	4,283
Professional fees (includes \$10,000 in-kind)	33,341	30,139	2,212
Program supplies (includes \$143,603 in-kind)	1,820,008	2,201	-
Rent (includes \$8,400 in-kind)	37,678	-	-
Repairs and maintenance	22,293	-	-
Special event expenses (includes \$7,416 in-kind)	-	11,812	-
Training	14,564	-	35,876
Trapping expenses	17,055	-	1,672
Travel	3,688	694	-
Utilities	69,734	15,497	-
		17,259	
Total expenses	\$ 5,415,900	\$ 459,173	\$ 279,309
			\$ 6,154,382

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, 2016 AND 2015**

OPERATING ACTIVITIES:	Year Ended September 30	
	2016	2015
Increase in net assets	\$ 4,476	\$ 106,396
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	218,678	139,464
Change in accounts receivable	(23,210)	(173,651)
Change in prepaid expenses	-	-
Change in refundable deposits	357	(1,400)
Change in inventory	(81,533)	(4,267)
Change in accounts payable and accrued expenses	(204,587)	343,673
Change in deferred revenue	113,096	(160,164)
Net cash provided from operating activities	<u>27,277</u>	<u>250,051</u>
INVESTING ACTIVITIES:		
Purchase of fixed assets	<u>(1,489,663)</u>	<u>(885,381)</u>
Net cash used in investing activities	<u>(1,489,663)</u>	<u>(885,381)</u>
FINANCING ACTIVITIES:		
Payoff of mortgage payable	<u>1,442,537</u>	<u>607,668</u>
Net cash provided by (used in) financing activities	<u>1,442,537</u>	<u>607,668</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(19,849)	(27,662)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>39,098</u>	<u>66,760</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 19,249</u></u>	<u><u>\$ 39,098</u></u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Interest paid	<u>\$ 107,055</u>	<u>\$ 63,539</u>
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See notes to financial statements.

**FIRST COAST NO MORE HOMELESS PETS, INC.
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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2016 AND 2015**

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.
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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2016 AND 2015 (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 approximately 6,000 hours of volunteer service were rendered to the Organization during the years ended September 30, 2016 and 2015.

**FIRST COAST NO MORE HOMELESS PETS, INC.
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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2016 AND 2015 (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, 2016 and 2015 was \$22,712 and \$37,678, 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, 2016 and 2015 was \$360,751 and \$401,123, 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, 2016 was \$114,682.

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, 2016 and 2015 was \$321,404 and \$335,373, 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, 2016 and 2015 was \$163,761 and \$170,665, respectively.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2016 AND 2015

The Organization has a 4.25 note payable to a commercial bank with principal payments beginning October 2017 (interest only through September 2016). Monthly payments of \$7,678 (including interest) are computed using a 15-year amortization schedule. The note is secured by a mortgage on the Organization's new building on Cassatt Avenue. The balance on this note at September 30, 2016 and 2015 was \$1,098,477 and \$588,680.

The Organization has a 4.75 note payable to a commercial bank with principal payments beginning January 2017 (interest only through December 2015). Monthly payments of \$7,865 (including interest) are computed using a 5-year amortization schedule. The note is secured by equipment. The balance on this note at September 30, 2016 and 2015 was \$308,501 and \$26,238.

The Organization has a 3% note payable to the City of Jacksonville, Florida. Monthly payments of \$2,851 (including interest) are computed using a 185-month amortization schedule. The note is secured by a second mortgage on the Organization's real estate. The balance of this note at September 30, 2016 was \$397,040.

The Organization has a 6% note payable to Best Friends Animal Society (a Utah nonprofit corporation). Monthly payments of \$4,919 (including interest) are computed using a 4-year amortization schedule beginning May 1, 2017. The balance on this note at September 30, 2016 was \$200,000.

Interest expense on these loans for the years ended September 30, 2016 and 2015 was \$100,274 and \$53,561, respectively.

Expected maturity of debt is as follows for years ended September 30:

2017	\$ 311,096
2018	273,874
2019	421,126
2020	242,685
2021	175,068
Thereafter	<u>1,540,767</u>
	<u>\$2,964,616</u>

E. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 10, 2016, the date on which the financial statements were issued, and has determined there are no subsequent events.