

**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, 2015 AND 2014

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MEMBERS
AICPA AND
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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, 2015 and 2014 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, 2015 and 2014, 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 12, 2015

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

**STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2015 and 2014**

ASSETS

	September 30	
	2015	2014
Current Assets:		
Cash and cash equivalents (Note B)	\$ 39,098	\$ 66,760
Accounts receivable	368,187	194,536
Refundable deposits	7,611	6,211
Inventory	54,463	50,196
Total Current Assets	469,359	317,703
Fixed Assets:		
Land	68,750	68,750
Buildings and improvements	2,084,701	1,246,598
Machinery and equipment	473,865	455,421
Furniture and fixtures	76,070	47,237
Vehicles	186,567	186,567
	2,889,954	2,004,573
Less accumulated depreciation	(741,116)	(601,652)
Total Fixed Assets	2,148,838	1,402,921
Total Assets	\$ 2,618,197	\$ 1,720,624

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable and accrued expenses	\$ 828,639	\$ 484,966
Deferred revenue	90,070	250,234
Current portion of notes payable	64,406	54,248
Total Current Liabilities	983,115	789,448
Notes payable, net of current portion	1,457,673	860,163
Total Liabilities	2,440,788	1,649,611
Net Assets:		
Unrestricted	177,409	71,013
Temporarily restricted	-	-
Total Net Assets	177,409	71,013
Total Liabilities and Net Assets	\$ 2,618,197	\$ 1,720,624

See notes to financial statements.

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

**STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014**

Unrestricted Support and Revenue:

Year Ended September 30

	<u>2015</u>	<u>2014</u>
Program service fees	\$ 4,398,561	\$ 3,868,643
Contributions (includes in-kind of \$370,423)	1,205,504	722,320
Grants	382,370	656,761
Special events	156,603	233,813
Thrift store sales	105,968	86,282
Miscellaneous	11,772	43,665
	<u>6,260,778</u>	<u>5,611,484</u>
Total public support and revenues		

EXPENSES:

Program services:		
Animal protection and care	5,415,900	5,401,934
Supporting services:		
General and administrative	459,173	395,015
Fundraising	279,309	288,030
Total expenses	<u>6,154,382</u>	<u>6,084,979</u>

INCREASE IN NET ASSETS	106,396	(473,495)
NET ASSETS AT BEGINNING OF YEAR	<u>71,013</u>	<u>544,508</u>
NET ASSETS AT END OF YEAR	<u>\$ 177,409</u>	<u>\$ 71,013</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, 2015**

	Program Services	Supporting Services		Total Expenses
	Animal Protection & Care	General & Administrative	Fund Raising	
Wages and benefits	\$ 2,464,793	\$ 213,824	\$ 148,754	\$ 2,827,371
Payroll taxes	196,626	15,411	12,277	224,314
	<u>2,661,419</u>	<u>229,235</u>	<u>161,031</u>	<u>3,051,685</u>
Advertising (includes \$208,420 in-kind)	448,643	-	3,755	452,398
Automotive expenses	41,463	-	-	41,463
Bank services charges	62,541	1,805	2,560	66,906
Computer expense	-	52,350	3,902	56,252
Depreciation	119,938	9,763	9,763	139,464
Direct mail	-	-	24,335	24,335
Dues and subscriptions	5,874	-	1,808	7,682
Insurance	-	27,786	-	27,786
Interest expense	-	63,539	-	63,539
Licenses and permits	1,057	4,342	-	5,399
Miscellaneous expenses	26,474	374	2,911	29,759
Office supplies	8,393	2,116	736	11,245
Postage and delivery	1,887	1,044	7,206	10,137
Printing and reproduction	19,850	6,476	4,283	30,609
Professional fees (includes \$10,000 in-kind)	33,341	30,139	2,212	65,692
Program supplies (includes \$143,603 in-kind)	1,820,008	2,201	-	1,822,209
Rent (includes \$8,400 in-kind)	37,678	-	-	37,678
Repairs and maintenance	22,293	-	-	22,293
Special event expenses (includes \$7,416 in-kind)	-	11,812	35,876	47,688
Training	14,564	-	1,672	16,236
Trapping expenses	17,055	-	-	17,055
Travel	3,688	694	-	4,382
Utilities	69,734	15,497	17,259	102,490
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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Program Services	Supporting Services		Total
	Animal Protection & Care	General & Administrative	Fund Raising	Expenses
Wages and benefits	\$ 2,477,290	\$ 141,576	\$ 110,538	\$ 2,729,404
Payroll taxes	206,349	11,398	9,533	227,280
	<u>2,683,639</u>	<u>152,974</u>	<u>120,071</u>	<u>2,956,684</u>
Advertising (includes \$208,420 in-kind)	444,351	-	1,565	445,916
Automotive expenses	65,998	-	-	65,998
Bank services charges	38,580	-	1,299	39,879
Computer expense	9,228	44,513	3,622	57,363
Depreciation	106,255	8,648	8,648	123,551
Direct mail	-	-	21,311	21,311
Dues and subscriptions	5,200	-	5,187	10,387
Insurance	-	12,910	-	12,910
Interest expense	-	70,460	-	70,460
Licenses and permits	800	1,520	-	2,320
Miscellaneous expenses	47,064	8,524	5,503	61,091
Office supplies	7,920	6,130	88	14,138
Postage and delivery	3,397	4,255	3,070	10,722
Printing and reproduction	29,202	9,512	5,689	44,403
Professional fees (includes \$10,000 in-kind)	97,739	45,586	3,150	146,475
Program supplies (includes \$75,492 in-kind)	1,609,473	-	-	1,609,473
Rent (includes \$8,400 in-kind)	40,085	-	-	40,085
Repairs and maintenance	25,543	10,841	-	36,384
Special event expenses (includes \$46,490 in-kind)	-	-	91,654	91,654
Training	19,505	-	-	19,505
Trapping expenses	39,212	-	-	39,212
Travel	48,145	6,527	452	55,124
Utilities	80,598	12,615	16,721	109,934
	<u>\$ 5,401,934</u>	<u>\$ 395,015</u>	<u>\$ 288,030</u>	<u>\$ 6,084,979</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, 2015 AND 2014**

	Year Ended September 30	
	2015	2014
OPERATING ACTIVITIES:		
Increase in net assets	\$ 106,396	\$ (473,495)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	139,464	123,551
Change in accounts receivable	(173,651)	(63,257)
Change in prepaid expenses	-	3,990
Change in refundable deposits	(1,400)	(4,811)
Change in inventory	(4,267)	15,672
Change in accounts payable and accrued expenses	343,673	144,100
Change in deferred revenue	(160,164)	(524,796)
Net cash provided from operating activities	250,051	(779,046)
INVESTING ACTIVITIES:		
Purchase of fixed assets	(885,381)	(96,711)
Net cash used in investing activities	(885,381)	(96,711)
FINANCING ACTIVITIES:		
Payoff of mortgage payable	607,668	108,958
Net cash provided by (used in) financing activities	607,668	108,958
NET CHANGE IN CASH AND CASH EQUIVALENTS	(27,662)	(766,799)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	66,760	833,559
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 39,098</u>	<u>\$ 66,760</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid	<u>\$ 63,539</u>	<u>\$ 70,460</u>

See notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS YEARS ENDED SEPTEMBER 30, 2015 AND 2014

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, 2015 AND 2014 (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, 2015 and 2014.

**FIRST COAST NO MORE HOMELESS PETS, INC.
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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2015 AND 2014 (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, 2015 and 2014 was \$37,678 and \$40,085, 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 15-year amortization schedule. Such amortization requires monthly payments of \$4,318 including interest. The balance on these two notes at September 30, 2015 and 2014 was \$401,123 and \$390,536, 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, 2015 and 2014 was \$335,373 and \$346,656, 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, 2015 and 2014 was \$170,665 and \$177,219, respectively.

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 \$4,400 (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, 2015 was \$588,680.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

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 \$490 (including interest) are computed using a 5-year amortization schedule. The note is secured by equipment. The balance on this note at September 30, 2015 was \$26,238.

Interest expense on these loans for the years ended September 30, 2015 and 2014 was \$29,278 and \$31,917, respectively.

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

2016	\$ 64,406
2017	96,657
2018	100,779
2019	246,195
2020	101,600
Thereafter	<u>912,442</u>
	<u>\$1,522,079</u>

E. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 12, 2015, the date on which the financial statements were issued, and has determined there are no subsequent events.

HARTNETT & ASSOCIATES, C.P.A.'s, P.A.

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**MEMBERS
AICPA AND
FICPA**

November 12, 2015

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

In planning and performing our audit of the financial statements of First Coast No More Homeless Pets, Inc. (the "Organization") for the year ended September 30, 2015, we considered the Organization's internal controls in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of the follow condition, which is common in small to medium-sized organizations. This letter does not affect our report dated November 12, 2015 or the financial statements of the Organization.

Organizational Structure

The size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the Organization to provide oversight and independent review functions.

This report is intended solely for the information and use of the Board of Directors, management, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

Hartnett & Associates

Hartnett & Associates, C.P.A.'s, P.A.
Jacksonville, Florida