

Stephanie L. Hartnett, CPA, P.A

**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, 2018 AND 2017**

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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, 2018 and 2017 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**

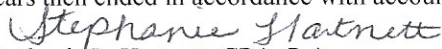
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2018 and 2017, 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.

  
Stephanie L. Hartnett, CPA, P.A.  
Jacksonville, Florida  
November 8, 2018

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

**STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2018 and 2017**

**ASSETS**

	September 30	
	2018	2017
<b>Current Assets:</b>		
Cash and cash equivalents (Note B)	\$ 195,949	\$ 95,795
Accounts receivable	717,521	514,331
Pledges receivable	146,588	215,018
Refundable deposits	13,623	7,720
Inventory	165,224	90,439
	<u>1,238,905</u>	<u>923,303</u>
<b>Total Current Assets</b>		
<b>Fixed Assets:</b>		
Land	68,750	68,750
Buildings and improvements	3,298,292	3,220,803
Machinery and equipment	849,839	828,267
Furniture and fixtures	100,583	94,683
Vehicles	163,117	163,117
	<u>4,480,581</u>	<u>4,375,620</u>
Less accumulated depreciation	(1,330,766)	(1,132,834)
	<u>3,149,815</u>	<u>3,242,786</u>
<b>Total Fixed Assets</b>		
<b>Total Assets</b>	<u>\$ 4,388,720</u>	<u>\$ 4,166,089</u>

**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accounts payable and accrued expenses	\$ 631,162	\$ 642,539
Deferred revenue	366,350	278,767
Current portion of notes payable	276,124	289,282
	<u>1,273,636</u>	<u>1,210,588</u>
<b>Total Current Liabilities</b>		
Notes payable, net of current portion	2,652,465	2,522,161
	<u>3,926,101</u>	<u>3,732,749</u>
<b>Total Liabilities</b>		
<b>Net Assets:</b>		
Unrestricted	462,619	433,340
Temporarily restricted	-	-
	<u>462,619</u>	<u>433,340</u>
<b>Total Net Assets</b>		
<b>Total Liabilities and Net Assets</b>	<u>\$ 4,388,720</u>	<u>\$ 4,166,089</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, 2018 and 2017**

Unrestricted Support and Revenue:	Year Ended September 30	
	2018	2017
Program service fees	\$ 7,637,710	\$ 6,688,114
Contributions (includes in-kind of \$278,593 and \$219,560)	822,826	1,166,468
Grants	54,756	121,545
Special events	295,661	163,250
Miscellaneous	17,216	50,520
Total public support and revenues	8,828,169	8,189,897
<b>EXPENSES:</b>		
Program services:		
Animal protection and care	7,690,368	7,028,033
Supporting services:		
General and administrative	697,616	506,370
Fundraising	410,906	404,039
Total expenses	8,798,890	7,938,442
<b>INCREASE IN NET ASSETS</b>	29,279	251,455
<b>NET ASSETS AT BEGINNING OF YEAR</b>	433,340	181,885
<b>NET ASSETS AT END OF YEAR</b>	\$ 462,619	\$ 433,340

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, 2018**

	Program Services		Supporting Services		Total Expenses
	Animal Protection & Care		General & Administrative	Fund Raising	
Wages and benefits	\$ 4,106,563		\$ 374,609	\$ 302,261	\$ 4,783,433
Payroll taxes	284,206		26,745	19,714	330,665
	<u>4,390,769</u>		<u>401,354</u>	<u>321,975</u>	<u>5,114,098</u>
Advertising (includes \$15,681 in-kind)	126,778		-	514	127,292
Automotive expenses	30,920		-	-	30,920
Bank services charges	132,025		1,979	8,134	142,138
Computer expense	45,039		4,295	15,919	65,253
Depreciation	-		197,932	-	197,932
Direct mail	-		-	22,202	22,202
Dues and subscriptions	5,951		-	2,634	8,585
Insurance	-		17,134	-	17,134
Interest expense	124,645		2,668	2,015	129,328
Licenses and permits	941		2,063	-	3,004
Miscellaneous expenses	5,440		91	109	5,640
Office supplies	11,297		1,445	701	13,443
Postage and delivery	450		1,249	2,809	4,508
Printing and reproduction	34,817		3,215	4,109	42,141
Professional fees	13,981		8,327	1,062	23,370
Program supplies (includes \$241,774 in-kind)	2,577,694		-	-	2,577,694
Rent	22,417		-	-	22,417
Repairs and maintenance (includes \$21,138 in-kind)	25,779		39,482	583	65,844
Special event expenses	-		-	6,876	6,876
Training	-		-	-	-
Trapping expenses	14,856		-	-	14,856
Travel	371		-	330	701
Utilities	126,198		16,382	20,934	163,514
Total expenses	<u>\$ 7,690,368</u>		<u>\$ 697,616</u>	<u>\$ 410,906</u>	<u>\$ 8,798,890</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
	Animal Protection & Care	General & Administrative	Expenses
		Fund Raising	
Wages and benefits	\$ 3,604,028	\$ 288,704	\$ 4,161,722
Payroll taxes	275,469	22,848	318,139
	<u>3,879,497</u>	<u>311,552</u>	<u>4,479,861</u>
Advertising (includes \$22,125 in-kind)	158,368	-	175,620
Automotive expenses	18,821	-	18,821
Bank services charges	110,760	1,591	116,942
Computer expense	55,876	4,885	71,361
Depreciation	169,240	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	154,578
Licenses and permits	434	872	1,306
Miscellaneous expenses	12,685	814	19,821
Office supplies	10,911	1,155	12,620
Postage and delivery	779	935	4,168
Printing and reproduction	26,283	3,331	33,924
Professional fees (includes \$10,105 in-kind)	14,002	26,084	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	56,952
Special event expenses (includes \$3,500 in-kind)	-	-	9,263
Training	553	-	553
Travel	8,135	-	9,418
Utilities	124,622	22,765	168,646
	<u>\$ 7,028,033</u>	<u>\$ 506,370</u>	<u>\$ 7,938,442</u>
		<u>\$ 404,039</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, 2018 AND 2017**

OPERATING ACTIVITIES:	Year Ended September 30	
	2018	2017
Increase in net assets	\$ 29,279	\$ 251,455
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	197,932	196,790
Change in accounts receivable	(203,190)	(122,934)
Change in pledges receivable	68,430	(215,018)
Change in refundable deposits	(5,903)	(466)
Change in inventory	(74,785)	45,557
Change in accounts payable and accrued expenses	(11,377)	18,487
Change in deferred revenue	87,583	75,601
Net cash provided from operating activities	87,969	249,472
<b>INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	(104,961)	(19,753)
Net cash used in investing activities	(104,961)	(19,753)
<b>FINANCING ACTIVITIES:</b>		
Payoff of notes payable	117,146	(153,173)
Net cash provided by (used in) financing activities	117,146	(153,173)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	100,154	76,546
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	95,795	19,249
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 195,949	\$ 95,795
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Interest paid	\$ 129,328	\$ 154,578

See notes to financial statements.

**FIRST COAST NO MORE HOMELESS PETS, INC.  
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**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

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**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, 2018 AND 2017 (CONTINUED)**

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**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 12,377 and 6,444 hours of volunteer service rendered to the Organization during the years ended September 30, 2018 and 2017.

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

**FIRST COAST NO MORE HOMELESS PETS, INC.  
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**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2018 AND 2017 (CONTINUED)**

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**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, 2018 and 2017 was \$22,417 and \$12,768, 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, 2018 and 2017 was \$303,703 and \$324,304, 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, 2018 and 2017 was \$0 and \$26,302, 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, 2018 and 2017 was \$302,870 and \$313,518, 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. The note is secured by a second mortgage on the Organization's real estate. The balance on this note at September 30, 2018 and 2017 was \$148,996 and \$156,489, respectively.

**FIRST COAST NO MORE HOMELESS PETS, INC.  
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**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2018 AND 2017 (CONTINUED)**

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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, 2018 and 2017 was \$1,032,564 and \$1,071,018.

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, 2018 and 2017 was \$170,394 and \$242,736.

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, 2018 and 2017 was \$379,924 and \$402,375, respectively.

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, 2018 and 2017 was \$185,915 and \$189,884, respectively.

The Organization has a 2.625% note payable to the U. S. Small Business Administration ("SBA"). Monthly payments of \$347 (including interest) are computed using a 360-month amortization schedule. The note is secured by the Organization's building on Norwood Avenue. The balance of this note at September 30, 2018 and 2017 was \$83,023 and \$84,817, respectively.

The Organization has a 2.5% note payable to the U. S. Small Business Administration ("SBA"). Monthly payments of \$2,309 (including interest) are computed using a 360-month amortization schedule. The note is secured by the Organization's buildings on Cassat and Duval Streets. The balance of this note at September 30, 2018 was \$321,200.

Interest expense on these loans for the years ended September 30, 2018 and 2017 was \$128,417 and \$148,446, respectively.

**FIRST COAST NO MORE HOMELESS PETS, INC.  
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**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2018 AND 2017 (CONTINUED)**

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

2019	\$ 276,124
2020	296,011
2021	241,221
2022	190,945
2023	426,840
Thereafter	<u>1,497,448</u>
	<u>\$2,928,589</u>

**E. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 8, 2018, the date on which the financial statements were issued, and has determined there are no subsequent events.