

ANIMAL COALITION OF TAMPA, INC.

FINANCIAL STATEMENTS

For the year ended December 31, 2015

ANIMAL COALITION OF TAMPA, INC.

FINANCIAL STATEMENTS

For the year ended December 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Animal Coalition of Tampa, Inc.
Tampa, FL

We have audited the accompanying financial statements of Animal Coalition of Tampa, Inc. (ACT) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statement.

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 consolidated 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 of 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 consolidated 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 Animal Coalition of Tampa, Inc. as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

William A. Rainey, CPA AT

Tampa, FL
August 17, 2016

**ANIMAL COALITION OF TAMPA, INC.
STATEMENT OF FINANCIAL POSITION**

As of December 31, 2015

ASSETS

CURRENT ASSETS

| | |
|--------------------------|----------------|
| Cash | \$ 188,812 |
| Cash , restricted | 5,946 |
| Accounts receivable, net | 56,807 |
| Inventory | 45,950 |
| Prepaid and other assets | <u>2,287</u> |
| Total Current Assets | <u>299,802</u> |

PROPERTY AND EQUIPMENT, NET 142,759

OTHER ASSETS 13,693

\$ 456,254

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

| | |
|--|----------------|
| Accounts payable | \$ 264,451 |
| Payroll withholding | 750 |
| Accrued expenses | 545 |
| Current maturity of note payable | 42,542 |
| Current maturity of obligation under capital lease | <u>10,474</u> |
| Total Current Liabilities | <u>318,762</u> |

LONG TERM LIABILITIES

| | |
|---|----------------|
| Note payable, net of current maturity | 15,166 |
| Obligation under capital lease, net of current maturity | <u>35,839</u> |
| Total Long Term Liabilities | <u>51,005</u> |
| Total Liabilities | <u>369,767</u> |

NET ASSETS

| | |
|------------------------|---------------|
| Unrestricted | 80,541 |
| Temporarily restricted | <u>5,946</u> |
| Total Net Assets | <u>86,487</u> |

\$ 456,254

Read accompanying notes to financial statements.

**ANIMAL COALITION OF TAMPA, INC.
STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2015

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|---|---------------------|-----------------------------------|------------------|
| REVENUES, GAINS, AND OTHER SUPPORT | | | |
| Revenue | | | |
| Clinic services and products | \$2,980,184 | | \$ 2,980,184 |
| Cost of products sold | <u>(563,302)</u> | | <u>(563,302)</u> |
| Gross Profit | <u>2,416,882</u> | | <u>2,416,882</u> |
| Support | | | |
| Special events | 27,900 | | 27,900 |
| Contributions and grants | 174,027 | \$ 395 | 174,422 |
| In-kind contributions | <u>41,632</u> | <u>-</u> | <u>41,632</u> |
| Total Support | <u>243,559</u> | <u>395</u> | <u>243,954</u> |
| Net assets released from restrictions | <u>20,265</u> | <u>(20,265)</u> | <u>-</u> |
| Total Revenues, Gains, and Other Support | <u>2,680,706</u> | <u>(19,870)</u> | <u>2,660,836</u> |
| EXPENSES | | | |
| Program services | 2,322,176 | | 2,322,176 |
| Management and general | 244,675 | | 244,675 |
| Fundraising | <u>132,102</u> | | <u>132,102</u> |
| Total Expenses | <u>2,698,953</u> | | <u>2,698,953</u> |
| CHANGE IN NET ASSETS | (18,247) | (19,870) | (38,117) |
| NET ASSETS AT BEGINNING OF YEAR | <u>98,788</u> | <u>25,816</u> | <u>124,604</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 80,541</u> | <u>\$ 5,946</u> | <u>\$ 86,487</u> |

Read accompanying notes to financial statements.

**ANIMAL COALITION OF TAMPA, INC.
STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2015

| | Program Services | Management and General | Fundraising | Total |
|------------------------------------|---------------------|------------------------------|-------------------|---------------------|
| Advertising | \$ 9,809 | \$ 900 | \$ 6,123 | \$ 16,832 |
| Animal care | 597,642 | | 561 | 598,203 |
| Bank/credit card fees | 59,818 | 309 | 4,918 | 65,045 |
| Business registration | 837 | 160 | 429 | 1,426 |
| Charitable donations | | | 1,448 | 1,448 |
| Computer expense | 10,343 | 3,570 | 3,707 | 17,620 |
| Conference and meetings | 2,332 | 131 | 263 | 2,726 |
| Contracted services | 312,915 | | | 312,915 |
| Employee benefits | 70,210 | 15,830 | | 86,040 |
| Insurance | 35,549 | 3,311 | 1,927 | 40,787 |
| Interest | 14,100 | 1,121 | | 15,221 |
| Occupancy | 127,690 | 5,316 | 1,803 | 134,809 |
| Office supplies and expenses | 19,785 | 1,205 | 223 | 21,213 |
| Other expenses | 52,145 | 8,542 | 5,394 | 66,081 |
| Payroll and related expenses | 944,944 | 198,045 | 103,929 | 1,246,918 |
| Pension and administration | 7,741 | 3,940 | 467 | 12,148 |
| Telephone and communication | 20,253 | 2,295 | 910 | 23,458 |
| Total expenses before depreciation | <u>2,286,113</u> | <u>244,675</u> | <u>132,102</u> | <u>2,662,890</u> |
| Depreciation | 36,063 | | | 36,063 |
| Total expenses | <u>\$ 2,322,176</u> | <u>\$ 244,675</u> | <u>\$ 132,102</u> | <u>\$ 2,698,953</u> |

Read accompanying notes to financial statements.

**ANIMAL COALITION OF TAMPA, INC.
STATEMENT OF CASH FLOWS**

For the Year Ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--|---------------|
| Change in net assets | \$ (38,117) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | |
| Depreciation and amortization | 36,063 |
| Allowance for doubtful accounts | (15,600) |
| Donated computer software | (12,045) |
| Changes in operating assets and liabilities: | |
| Accounts receivable | 15,578 |
| Prepaid expenses | 11,463 |
| Inventory | 25,930 |
| Other assets | (10,000) |
| Accounts payable | 102,220 |
| Accrued payroll | (13,717) |
| Accrued expenses | (10,372) |
| Net Cash Provided by Operating Activities | <u>91,403</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---------------------------------------|-----------------|
| Decrease in restricted cash | 19,870 |
| Purchases of equipment | <u>(26,809)</u> |
| Net Cash Used in Investing Activities | <u>(6,939)</u> |

CASH FLOWS FROM FINANCING ACTIVITIES

| | |
|---------------------------------------|-----------------|
| Repayment of capital lease | (6,116) |
| Repayments of note payable | <u>(40,383)</u> |
| Net Cash Used in Financing Activities | <u>(46,499)</u> |

INCREASE IN CASH 37,965

UNRESTRICTED CASH, BEGINNING OF YEAR 150,847

UNRESTRICTED CASH, END OF YEAR \$ 188,812

SUPPLEMENTAL CASH FLOW INFORMATION:

Cash paid for interest \$ 15,221

NONCASH INVESTING AND FINANCING ACTIVITY:

Capital lease \$ 52,429
Read accompanying notes to financial statements.

**ANIMAL COALITION OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS**

For the year ended December 31, 2015

NOTE 1 - BACKGROUND INFORMATION

Animal Coalition of Tampa, Inc., (the Organization) is a nonprofit organization in Hillsborough County, Florida which was formed under the laws of the State of Florida on May 3, 2001. The Organization's mission is to end euthanasia as a means of population control in Hillsborough County through high quality, high volume spay/neuter services, innovative adoptions and comprehensive education to control pet overpopulation in Hillsborough County, Florida. This is done through the following major projects:

- Spay/Neuter Clinic – high quality, high volume, low cost spay/neuter surgeries for dogs and cats and medication to keep animals in the home
- SpayDay – a monthly volunteer spay/neuter program for feral cats of Hillsborough County, Florida
- Spay FL – an 800 number and web-based outreach program which provide the citizens of Florida about locations throughout the state that provide low cost sterilization services
- Alliance to Save 90 – Animal Coalition of Tampa, Inc. d/b/a as an advocacy group providing education outreach to end euthanasia as a means of population control in Hillsborough County

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting and Presentation

The accompanying financial statements follow the standards of accounting for not-for-profit organizations which are recommended by the American Institute of Certified Public Accountants.

Revenue Recognition

Primary sources of revenue for the Organization are fees earned from spay/neuter surgeries, product sales, and wellness visits to keep animals in the home.

The Organization uses the reserve for bad debt method of valuing doubtful accounts receivable which is based on historical experience, coupled with a review of the current status of existing receivables.

**ANIMAL COALITION OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS**

For the year ended December 31, 2015

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Support

The Organization reports contributions received as unrestricted, temporarily restricted, or permanently restricted, depending on the absence or existence and nature of any donor restrictions. All donor-restricted revenue is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purposed restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

In-Kind Contributions

The Organization recognizes revenue and expenses from donated professional services and goods. The amounts reported are based on the estimated fair value for the professional services and goods at the date they are received. Such contributions are reported as increases in unrestricted net assets unless the donor has restricted the contribution to a specific purpose. The amount for these professional services and goods is recorded in the accompanying financial statements in revenue and support and expenses.

Volunteer services received that do not require specialized skills are not reflected in the financial statements because they do not meet the criteria for recognition in accordance with generally accepted accounting principles.

Estimated in-kind contributions for services rendered/goods received to the Organization are as follows:

- The Executive Director is an employee of the Organization. These services were estimated to be valued at \$83,000 based on similarly situated nonprofit organizations. The value of these services in excess of the compensation paid to this employee has been recognized as support in the financial statements and is included in payroll and related expenses in the amount of \$14,194.
- Professional veterinary services donated monthly for one of the Organization's major projects, SpayDay, has been recognized as support in the financial statements and is included in contract services in the amount of \$12,000.
- Donated computer software valued at \$12,045 has been recognized as support in the financial statements and is capitalized as a fixed asset.

**ANIMAL COALITION OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS**

For the year ended December 31, 2015

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

Advertising costs (direct mail) are expensed when incurred.

Functional Allocation of Expenses

The costs of various programs and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Income Taxes

The Organization is a tax-exempt organization under the provisions of Section 501(c)(3) of the Internal Revenue Code within the meaning of Section 509(a) of the code. Therefore, no provision has been made for taxes. In addition, the Organization is classified as other than a private foundation

Inventory

Inventory consists primarily of animal medications and other products which are stated at the lower of cost or market using the average cost method.

Property and equipment

All property and equipment is recorded at cost. Donated assets are recorded at their estimated fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives ranging from three to seven years. All acquisitions of property and equipment in excess of \$500 are capitalized.

Use of estimates

The preparation of financial statements in conformity with generally accepting accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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.

**ANIMAL COALITION OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS**

For the year ended December 31, 2015

NOTE 3 – CONCENTRATIONS

For the year ended December 31, 2015, approximately \$41,800 or 74% of accounts receivable is comprised of amounts due from rescue groups and Hillsborough County Animal Services.

Hillsborough County Animal Services (HCAS) administers a voucher program which was created to control pet overpopulation by encouraging low income residents to spay/neuter their pet dogs and cats. The voucher program is subject to annual budget approval by the Hillsborough County's Board of County Commissioners.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

| | |
|-------------------------------|------------------|
| Equipment and furniture | \$291,930 |
| Computer system and software | 64,498 |
| Vehicles | <u>40,323</u> |
| | 396,751 |
| Less accumulated depreciation | <u>(253,992)</u> |
| | <u>\$142,795</u> |

Depreciation and amortization expense for the year ended December 31, 2015 was \$36,063.

NOTE 5 – NOTE PAYABLE

The note payable consists of the following:

| | |
|--|-----------------|
| Note payable to a bank; 48 monthly payments of \$3,691, including interest at 4.25% through May 2017, secured by lien on the Organization's assets | \$57,708 |
| Less current maturity | <u>(42,542)</u> |
| | <u>\$15,166</u> |

**ANIMAL COALITION OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS**

For the year ended December 31, 2015

NOTE 5 – NOTE PAYABLE (Continued)

Principal payments required on this note payable are as follows:

| Year Ended <u>December 31</u> | |
|----------------------------------|-----------------|
| 2016 | \$42,542 |
| 2017 | <u>15,166</u> |
| | <u>\$57,708</u> |

NOTE 6 – CAPITAL LEASE

Obligation under the capital lease is a follows:

| | |
|---|-----------------|
| Computer system lease payable in month installments of \$905.50. The lease expires in April 2020. Purchase option is \$1. Lease is collateralized by the computer system which cost \$52,429. | \$46,361 |
| Less current maturity | <u>(10,474)</u> |
| | <u>\$35,839</u> |

Future minimum lease payments under the capital lease are:

| | |
|---|-----------------|
| 2016 | \$10,866 |
| 2017 | 10,866 |
| 2018 | 10,866 |
| 2019 | 10,866 |
| 2020 | <u>3,622</u> |
| | 47,086 |
| Less amounts representing interest | <u>(773)</u> |
| Present value of minimum lease payments | <u>\$46,313</u> |

Asset recorded under capital lease:

| | |
|--------------------------|-----------------|
| Cost | <u>\$52,429</u> |
| Accumulated depreciation | <u>\$ 5,243</u> |

**ANIMAL COALITION OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS**

For the year ended December 31, 2015

NOTE 7 – OPERATING LEASE

The Organization entered into a long-term lease on Lemon Street with terms commencing on March 9, 2015 and ending March 9, 2018. Monthly rent is \$4,400 with annual increases equal to CPI with a floor of 3% and a cap of 8%. Security deposit is \$3,200. Rent expense for the facility amounted to \$53,400 for the year ended December 31, 2015.

Future minimum rental commitment for this lease is as follows:

| | |
|------|------------------|
| 2016 | \$ 52,800 |
| 2017 | 52,800 |
| 2018 | <u>8,800</u> |
| | <u>\$114,400</u> |

NOTE 8 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions for the following:

| | |
|---|-----------------|
| Expenses incurred to satisfy restrictions | <u>\$20,265</u> |
|---|-----------------|

NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purpose:

| | |
|------------------------|----------------|
| Alley Cat Allies Grant | \$5,000 |
| SpayDay | <u>946</u> |
| | <u>\$5,946</u> |

NOTE 10 – RETIREMENT PLAN

The Organization maintains a 401(k) plan. Employee salary contributions can be made either on a pre-tax basis or on an after-tax basis. Employer matching contributions are made at the discretion of the Organization and will be based on the amount of an employee's salary deferral contributions for the given plan year. For the year ended December 31, 2015, there was a matching contribution by the Organization of \$2,705.

**ANIMAL COALITION OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS**

For the year ended December 31, 2015

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Effective January 17, 2013, the Organization entered into an agreement with one laboratory for exclusive use of their laboratory services. The agreement provides for an initial term of 5 years commencing on the effective date. This agreement commits the Organization to purchase veterinary diagnostic laboratory services owned or operated by this one laboratory in an aggregate amount of not less than \$42,000 per the 12-month period beginning on the effective date and each anniversary of the effective date. Notwithstanding, other veterinary laboratories may be used provided the fees paid to such nonexclusive veterinary laboratories in the aggregate during each contract are less than 10% of all fees paid by or on behalf of the Organization for veterinary laboratory services during that contract year.

As an incentive to enter into the agreement for the initial term, subject to the terms and condition of this agreement, this one laboratory agrees to contribute up to a maximum amount of \$55,090 towards the purchase of the equipment and/or practice management system identified on the Equipment/Practice Management System Contribution Annex attached to this agreement. The Organization received a digital x-ray machine valued at \$55,000 and began using this one laboratory exclusively beginning February 1, 2013. The x-ray machine was installed on March 25, 2013. The x-ray machine was damaged by the fire on April 19, 2014 and became part of the casualty loss.

The term of the agreement shall automatically renew for an additional 24-month period upon the expiration of the initial term or any renewal term unless written notice is given of a party's intent to terminate this agreement at least 12 months prior to the end of the then current term.

NOTE 12 – INCOME TAXES AND UNCERTAIN TAX POSITIONS

The Organization accounts for uncertain tax positions, if any, in accordance with FASB Accounting Standards Codification 740. In accordance with these professional standards, the Organization recognizes tax positions only to the extent management believes it is "more likely than not" that its tax positions will be sustained upon IRS examination. Management believes it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements for the year ended December 31, 2015.

**ANIMAL COALITION OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS**

For the year ended December 31, 2015

NOTE 12 – INCOME TAXES AND UNCERTAIN TAX POSITIONS (Continued)

The Organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization’s financial position, changes in net assets or cash flows. Accordingly, the Organization has not recorded any accruals for interest penalties for uncertain income tax positions at December 31, 2015.

The Organization’s income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2015, the following tax years are subject to examination:

| <u>Jurisdiction</u> | <u>Open Years for Filed Returns</u> | <u>Return to be Filed in 2016</u> |
|---------------------|-------------------------------------|-----------------------------------|
| Federal | 2012 – 2014 | 2015 |

NOTE 13 – CASUALTY LOSS

On April 19, 2014 the Organization was a victim of an arson fire which made the Gilchrist Avenue building untenable. An arrest was made and on September 2, 2014, the defendant pled guilty to all charges in exchange for a 2-year prison sentence. The Organization’s property insurance covered the repairs and replacement of equipment. The Organization has business interruption insurance for loss of income. Payments for the property claim have been made in the amount of \$119,381 in 2014 with the remaining balance paid in 2015 in the amount of \$9,447. The business interruption claim amounted to \$70,000 and was received in September 2014.

NOTE 14 – DATE OF MANAGEMENT’S REVIEW

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through August 17, 2016, which is the date the financial statements were available to be issued.