

ANIMAL COALITION OF TAMPA, INC.

FINANCIAL STATEMENTS

For the year ended December 31, 2018

ANIMAL COALITION OF TAMPA, INC.

FINANCIAL STATEMENTS

For the year ended December 31, 2018

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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, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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 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, 2018, 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.

A handwritten signature in black ink that reads "William R. Rainey, CPA" followed by a stylized flourish.

Tampa, FL
November 15, 2019

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

As of December 31, 2018

ASSETS

CURRENT ASSETS

Cash without donor restrictions	\$ 106,609
Cash with donor restrictions	26,946
Accounts receivable	2,605
Inventory	<u>20,537</u>
Total Current Assets	<u>156,697</u>

PROPERTY AND EQUIPMENT, NET 737,659

OTHER ASSETS 3,793

\$ 898,149

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 62,313
Current maturities of obligations under capital leases	22,506
Line of credit	75,941
Current maturity of mortgage note payable	<u>22,772</u>
Total Current Liabilities	<u>183,532</u>

LONG TERM LIABILITIES

Mortgage note payable, net of current maturity	439,051
Obligations under capital leases, net of current maturities	<u>41,958</u>
Total Long Term Liabilities	<u>481,009</u>
Total Liabilities	<u>664,541</u>

NET ASSETS

Net assets without donor restrictions	206,662
Net assets with donor restrictions	<u>26,946</u>
Total Net Assets	<u>233,608</u>

\$ 898,149

Read accompanying notes to financial statements.

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

For the Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Revenue			
Clinic services and products	\$ 2,212,053		\$ 2,212,053
Cost of products sold	<u>(210,118)</u>		<u>(210,118)</u>
Gross Profit	<u>2,001,935</u>		<u>2,001,935</u>
Support			
Contributions and grants	<u>71,454</u>		<u>71,454</u>
Total Support	<u>71,454</u>		<u>71,454</u>
Total Revenues, Gains, and Other Support	<u>2,073,389</u>		<u>2,073,389</u>
EXPENSES			
Program services	1,703,006		1,703,006
Management and general	181,671		181,671
Fundraising	<u>49,754</u>		<u>49,754</u>
Total Expenses	<u>1,934,431</u>		<u>1,934,431</u>
CHANGE IN NET ASSETS	138,958		138,958
NET ASSETS AT BEGINNING OF YEAR	<u>67,704</u>	<u>\$ 26,946</u>	<u>94,650</u>
NET ASSETS AT END OF YEAR	<u>\$ 206,662</u>	<u>\$ 26,946</u>	<u>\$ 233,608</u>

Read accompanying notes to financial statements.

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

For the Year Ended December 31, 2018

	Program Services	Management and General	Fundraising	Total
Advertising	\$ 739	\$ 1,266	\$ 6,646	\$ 8,651
Automobile expenses	341			341
Animal care	535,178			535,178
Bank/credit card fees		39,272		39,272
Computer expense	6,278	6,278		12,556
Contracted services	297,390			297,390
Dues and memberships		570		570
Employee benefits	31,968	3,085		35,053
Facilities and equipment	8,147			8,147
Insurance	52,260			52,260
Interest		6,247		6,247
Licenses and permits		3,069		3,069
Office expenses		34,031		34,031
Office supplies		3,143		3,143
Other expenses		10,243		10,243
Payroll and related expenses	622,192	49,276	43,108	714,576
Pension and administration	9,522	119		9,641
Postage	3,416			3,416
Printing and copying	1,608			1,608
Professional fees		25,072		25,072
Real estate taxes	(6,289)			(6,289)
Rent	55,064			55,064
Repairs and maintenance	6,602			6,602
Security	1,502			1,502
Staff development	3,085			3,085
Telephone and communication	8,913			8,913
Utilities	15,042			15,042
Total Expenses Before Depreciation	1,652,958	181,671	49,754	1,884,383
Depreciation	50,048			50,048
Total Expenses	<u>\$ 1,703,006</u>	<u>\$ 181,671</u>	<u>\$ 49,754</u>	<u>\$ 1,934,431</u>

Read accompanying notes to financial statements.

ANIMAL COALITION OF TAMPA, INC.
STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 138,958
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	50,048
Interest - debt financing	276
Changes in operating assets and liabilities:	
Accounts receivable	(2,605)
Prepaid expenses	5,522
Inventory	3,701
Accounts payable	(53,378)
Accrued expenses	<u>(20,410)</u>
Net Cash Provided by Operating Activities	<u>122,112</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of real estate and equipment	<u>(657,561)</u>
Net Cash Used in Investing Activities	<u>(657,561)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of capital lease	(22,651)
Acquisition of loan costs	(8,296)
Net borrowings on line of credit	75,941
Proceeds from mortgage note payable	478,800
Repayments of mortgage note payable	<u>(8,957)</u>
Net Cash Provided by Financing Activities	<u>514,837</u>

DECREASE IN CASH (20,612)

CASH WITHOUT DONOR RESTRICTIONS, BEGINNING OF YEAR 127,221

CASH WITHOUT DONOR RESTRICTIONS, END OF YEAR \$ 106,609

SUPPLEMENTAL CASH FLOW INFORMATION:

Cash paid for interest	<u>\$ 5,971</u>
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Read accompanying notes to financial statements.

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

For the year ended December 31, 2018

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. In February this program was brought in-house and treated as a separate program.
- 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

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net assets classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where-by the donor has stipulated the funds be maintained in perpetuity.

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

For the year ended December 31, 2018

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in the net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restrictions is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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.

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 received without donor restrictions 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.

Advertising

Advertising costs (direct mail) are expensed when incurred.

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

For the year ended December 31, 2018

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses

The cost of providing program and other activities have been summarized on a functional basis in the statement of functional expenses. All costs that are directly related to the conduct and supervision of a program or support function are included with the program or support function that receive the benefits. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis.

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 forty 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, 2018

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Note Financing Costs

Note financing costs are amortized on a straight-line basis over the fifteen-year term of the loan. The mortgage note payable is recorded on the balance sheet net of unamortized note financing costs. At December 31, 2018, the Organization has unamortized note financing costs of \$8,020.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE 3 – LIQUIDITY AND AVAILABILITY

The following table reflects the Organization’s financial assets as of December 31, 2018, reduced by amounts not available for general expenditures within one year:

Financial Assets at year-end:

Cash without donor restrictions	\$106,609
Accounts receivable	<u>2,605</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$109,214</u>

The Organization’s goal is to maintain financial assets to meet 90 days of operating expenses. The Organization also has a line of credit available to meet cash flow needs and the availability of liquid funds from credit cards.

NOTE 4 – CONCENTRATIONS

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.

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

For the year ended December 31, 2018

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Building and improvements	\$ 629,526
Equipment and furniture	418,093
Computer system and software	64,498
Vehicles	<u>24,548</u>
	1,136,665
Less accumulated depreciation	<u>(399,006)</u>
	<u>\$ 737,659</u>

Depreciation and amortization expense for the year ended December 31, 2018 was \$50,048.

NOTE 6 – CAPITAL LEASES

Obligations under the capital leases are as 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.	\$16,299
Medical and lab equipment lease payable in 72 monthly installments of \$1,050. The lease expires December 2022 and is collateralized by equipment which cost \$75,600.	<u>48,165</u>
	64,464
Less current maturities	<u>(22,506)</u>
	<u>\$41,958</u>

Future minimum lease payments under the capital leases are:

2019	\$23,466
2020	17,128
2021	12,600
2022	<u>12,600</u>
	65,794
Less amounts representing interest	<u>(1,330)</u>
Present value of minimum lease payments	<u>\$64,464</u>

Assets recorded under capital leases:

Cost	<u>\$123,107</u>
Accumulated depreciation	<u>\$ 63,976</u>

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

For the year ended December 31, 2018

NOTE 7 – NOTES PAYABLE

Notes payable consist of the following:

Mortgage payable to a bank. 180 monthly payments of \$3,792, including interest at 4.95% through July 2023. Secured by real estate.	\$469,843
Less current maturity	<u>(22,772)</u>
	447,071
Less unamortized note financing costs	<u>(8,020)</u>
	<u>\$439,051</u>

In accordance with FASB ASU No. 2015-03, notes payable are reported on the statement of financial position net of unamortized note financing costs of \$8,020.

The following is a summary of the maturity of the note payable:

2019	\$ 22,772
2020	23,925
2021	25,137
2022	26,409
2023	27,747
Thereafter	<u>343,853</u>
	<u>\$469,843</u>

The Organization has in place a signed line of credit that expires in October 2020. Funds available for disbursement total \$125,000. Funds disbursed are due on demand and accrue interest monthly at 6.5%. As of December 31, 2018, there were borrowings of \$75,941 under this line.

NOTE 8 –NET ASSETS

Net assets with donor restrictions of cash are available for the following:

Specific Purpose	
Spay it Forward	\$25,000
Angel Fund	1,000
SpayDay	<u>946</u>
	<u>\$26,946</u>

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

For the year ended December 31, 2018

NOTE 9 – 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, 2018, there was a matching contribution of \$9,522.

NOTE 10 – 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, 2018.

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, 2018.

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, 2018, the following tax years are subject to examination:

<u>Jurisdiction</u>	<u>Open Years for Filed Returns</u>	<u>Return to be Filed in 2019</u>
Federal	2015 – 2017	2018

NOTE 11 – 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 November 15, 2019 which is the date the financial statements were available to be issued.