

# **Jacksonville Humane Society, Inc.**

---

**Financial Statements and Supplementary Information**

**Years Ended December 31, 2015 and 2014**

## **Table of Contents**

<b>Independent Auditors' Report .....</b>	<b>1</b>
<b>Financial Statements:</b>	
Statements of Financial Position .....	3
Statements of Activities .....	4
Statements of Functional Expenses .....	5
Statements of Cash Flows .....	7
Notes to Financial Statements .....	8
<b>Supplementary Information:</b>	
Schedules of the Source and Expenditure of City Grant Funds .....	15

## **Independent Auditors' Report**

Board of Directors  
Jacksonville Humane Society, Inc.  
Jacksonville, Florida

### ***Report on the Financial Statements***

We have audited the accompanying statements of financial position of Jacksonville Humane Society, Inc. (the "Organization"), a non-profit corporation, as of December 31, 2015 and 2014, 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' judgment, including the assessment of 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 Organization'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 December 31, 2015 and 2014, 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.

***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of the Source and Expenditure of City Grant Funds on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Dixon Hughes Goodman LLP*

**Jacksonville, Florida  
June 21, 2016**

**Jacksonville Humane Society, Inc.**  
**Statements of Financial Position**  
**December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Current assets:		
Cash and equivalents	\$ 5,389,801	\$ 3,718,679
Investments	2,786,511	1,351,426
Accounts receivable	95,358	37,536
Unconditional promises to give, net	2,096,343	1,303,209
Prepaid expenses	72,091	25,210
Inventory	40,503	54,774
	<u>10,480,607</u>	<u>6,490,834</u>
Property and equipment, net	8,295,178	8,118,575
Other assets:		
Unconditional promises to give, net	1,136,998	1,435,291
Land held for resale	1,081,505	1,081,505
	<u>2,218,503</u>	<u>2,516,796</u>
Total assets	<u>\$ 20,994,288</u>	<u>\$ 17,126,205</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 257,274	\$ 149,729
Deferred revenue	270,642	17,766
	<u>527,916</u>	<u>167,495</u>
Total current liabilities	527,916	167,495
Net assets:		
Unrestricted	8,107,649	7,076,694
Temporarily restricted	7,658,723	5,182,016
Permanently restricted	4,700,000	4,700,000
	<u>20,466,372</u>	<u>16,958,710</u>
Total net assets	<u>20,466,372</u>	<u>16,958,710</u>
Total liabilities and net assets	<u>\$ 20,994,288</u>	<u>\$ 17,126,205</u>

See accompanying notes.

**Jacksonville Humane Society, Inc.**  
**Statements of Activities**  
**Years Ended December 31, 2015 and 2014**

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues								
Program Revenues:								
Outreach	\$ 38,635	\$ -	\$ -	\$ 38,635	\$ 38,768	\$ -	\$ -	\$ 38,768
Adoptions	235,941	-	-	235,941	234,280	-	-	234,280
Hospital services	1,789,544	-	-	1,789,544	1,710,126	-	-	1,710,126
Obedience classes	2,150	-	-	2,150	5,733	-	-	5,733
Cemetery plots and related fees	26,377	-	-	26,377	23,666	-	-	23,666
Contributions	1,888,365	3,023,855	-	4,912,220	1,466,201	1,649,239	-	3,115,440
In-kind contributions	138,694	-	-	138,694	171,677	-	-	171,677
Bequests	502,465	-	-	502,465	912,598	-	-	912,598
Grants	118,861	-	-	118,861	230,010	-	-	230,010
City of Jacksonville grants	112,213	-	-	112,213	89,765	-	-	89,765
Special events (net expenses of \$43,889 and \$49,944 in 2015 and 2014 respectively)	269,974	-	-	269,974	234,928	-	-	234,928
Thrift shop (net expenses of \$212,044 and \$796,527 in 2015 and 2014 respectively)	(89,964)	-	-	(89,964)	(307,429)	-	-	(307,429)
Merchandise	81,761	-	-	81,761	81,442	-	-	81,442
Investment income (loss)	(60,318)	-	-	(60,318)	10,743	-	-	10,743
Miscellaneous income	10,561	-	-	10,561	27,128	-	-	27,128
Total revenue	<u>5,065,259</u>	<u>3,023,855</u>	<u>-</u>	<u>8,089,114</u>	<u>4,929,636</u>	<u>1,649,239</u>	<u>-</u>	<u>6,578,875</u>
Net assets released from restrictions	<u>547,148</u>	<u>(547,148)</u>	<u>-</u>	<u>-</u>	<u>128,586</u>	<u>(128,586)</u>	<u>-</u>	<u>-</u>
Expenses:								
Program services	3,942,673	-	-	3,942,673	4,057,113	-	-	4,057,113
Management and general	211,126	-	-	211,126	142,700	-	-	142,700
Fundraising	427,653	-	-	427,653	486,654	-	-	486,654
Total expenses	<u>4,581,452</u>	<u>-</u>	<u>-</u>	<u>4,581,452</u>	<u>4,686,467</u>	<u>-</u>	<u>-</u>	<u>4,686,467</u>
Change in net assets	1,030,955	2,476,707	-	3,507,662	371,755	1,520,653	-	1,892,408
Net assets, beginning	<u>7,076,694</u>	<u>5,182,016</u>	<u>4,700,000</u>	<u>16,958,710</u>	<u>6,704,939</u>	<u>3,661,363</u>	<u>4,700,000</u>	<u>15,066,302</u>
Net assets, ending	<u>\$ 8,107,649</u>	<u>\$ 7,658,723</u>	<u>\$ 4,700,000</u>	<u>\$ 20,466,372</u>	<u>\$ 7,076,694</u>	<u>\$ 5,182,016</u>	<u>\$ 4,700,000</u>	<u>\$ 16,958,710</u>

See accompanying notes.

**Jacksonville Humane Society, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2015**

	Program Expenses			Total Program	Supporting Services		Total
	Shelter Services	Medical/Vet Services	Hospital Services		Management and General	Fundraising	
Salaries	\$ 725,291	\$ 392,152	\$ 807,388	\$ 1,924,831	\$ 93,498	\$ 167,231	\$ 2,185,560
Payroll taxes	60,727	32,127	62,932	155,786	7,076	12,963	175,825
Employee benefits	88,259	38,925	68,986	196,170	8,176	13,732	218,078
Personnel costs	874,277	463,204	939,306	2,276,787	108,750	193,926	2,579,463
Professional fees	26,495	10,642	31,687	68,824	2,614	27,274	98,712
Repairs and maintenance	10,225	4,107	23,487	37,819	1,009	1,009	39,837
Telephone	6,118	2,457	6,962	15,537	604	604	16,745
Food, medicine and exam room	196,432	139,000	673,087	1,008,519	-	-	1,008,519
Insurance	24,217	9,727	27,555	61,499	4,994	2,389	68,882
Community education	16,178	1,715	6,631	24,524	194	194	24,912
Utilities	18,392	7,387	40,651	66,430	1,814	1,814	70,058
Vehicle expense	1,078	433	1,227	2,738	106	106	2,950
Taxes and licenses	13,341	252	2,195	15,788	1,808	18	17,614
Office expense	14,743	4,744	39,058	58,545	-	10,733	69,278
Postage	1,542	619	1,754	3,915	152	5,449	9,516
Printing	987	-	-	987	-	3,295	4,282
Direct mail	-	-	-	-	-	171,966	171,966
Miscellaneous	33,836	8,137	23,051	65,024	82,203	1,998	149,225
Total expense before depreciation	1,237,861	652,424	1,816,651	3,706,936	204,248	420,775	4,331,959
Depreciation	128,393	28,006	79,338	235,737	6,878	6,878	249,493
Total expenses	\$ 1,366,254	\$ 680,430	\$ 1,895,989	\$ 3,942,673	\$ 211,126	\$ 427,653	\$ 4,581,452

See accompanying notes.

**Jacksonville Humane Society, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2014**

	Program Expenses				Supporting Services		Total
	Shelter Services	Medical/Vet Services	Hospital Services	Total Program	Management and General	Fundraising	
Salaries	\$ 596,454	\$ 430,935	\$ 945,914	\$ 1,973,303	\$ 98,096	\$ 174,051	\$ 2,245,450
Payroll taxes	52,441	37,409	72,431	162,281	7,499	13,852	183,632
Employee benefits	65,804	29,660	74,464	169,928	11,584	13,645	195,157
Personnel costs	714,699	498,004	1,092,809	2,305,512	117,179	201,548	2,624,239
Professional fees	25,112	10,092	28,709	63,913	2,479	80,728	147,120
Repairs and maintenance	9,813	3,944	17,557	31,314	969	969	33,252
Telephone	6,296	2,530	7,199	16,025	622	622	17,269
Food, medicine and exam room	224,215	199,536	728,835	1,152,586	-	-	1,152,586
Insurance	24,766	9,953	28,315	63,034	4,627	2,445	70,106
Community education	24,763	1,802	3,414	29,979	197	1,134	31,310
Utilities	19,605	7,879	45,471	72,955	1,935	1,935	76,825
Vehicle expense	1,295	520	1,480	3,295	128	128	3,551
Taxes and licenses	141	322	2,642	3,105	662	14	3,781
Office expense	18,291	9,708	25,779	53,778	2,089	11,098	66,965
Postage	1,596	642	1,825	4,063	158	8,376	12,597
Printing	1,151	-	-	1,151	525	5,213	6,889
Direct mail	-	-	-	-	-	162,473	162,473
Miscellaneous	23,207	9,327	26,532	59,066	3,476	2,317	64,859
Total expense before depreciation	1,094,950	754,259	2,010,567	3,859,776	135,046	479,000	4,473,822
Depreciation	77,534	31,160	88,643	197,337	7,654	7,654	212,645
Total expenses	<u>\$ 1,172,484</u>	<u>\$ 785,419</u>	<u>\$ 2,099,210</u>	<u>\$ 4,057,113</u>	<u>\$ 142,700</u>	<u>\$ 486,654</u>	<u>\$ 4,686,467</u>

See accompanying notes.



**Jacksonville Humane Society, Inc.**  
**Statements of Cash Flows**  
**Years ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ 3,507,662	\$ 1,892,408
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	304,277	628,989
Realized and unrealized (gain) loss on investments	69,410	6,224
Changes in operating assets and liabilities:		
Accounts receivable	(57,822)	(25,586)
Unconditional promises to give	(494,841)	(575,141)
Prepaid expenses	(46,881)	(4,886)
Inventory	14,271	6,416
Accounts payable and accrued expenses	107,545	(23,757)
Deferred revenue	252,876	(71,355)
Net cash provided by operating activities	<u>3,656,497</u>	<u>1,833,312</u>
Cash flows from investing activities:		
Sales of investments	2,202,924	245,352
Purchases of investments	(3,707,419)	(1,603,002)
Purchase of equipment	(480,880)	(14,752)
Net cash used by investing activities	<u>(1,985,375)</u>	<u>(1,372,402)</u>
Net increase in cash and cash equivalents	1,671,122	460,910
Cash and cash equivalents, beginning	<u>3,718,679</u>	<u>3,257,769</u>
Cash and cash equivalents, ending	<u>\$ 5,389,801</u>	<u>\$ 3,718,679</u>

See accompanying notes.

## **Notes to Financial Statements**

### **1. Nature of Organization and Summary of Significant Account Policies**

Jacksonville Humane Society, Inc. (“the Organization”) is a non-profit organization dedicated to the welfare of animals. Its primary purposes are the prevention of cruelty to animals, the relief of suffering animals, and presenting of humane education. The major sources of income are derived from public contributions and service revenue.

The financial statements, which are presented on the accrual basis of accounting, have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of transactions into three classes of net assets – unrestricted, temporarily restricted, or permanently restricted as follows:

*Unrestricted* – Net assets representing resources generated from operations that are not subject to donor-imposed stipulations.

*Temporarily Restricted* – Net assets that are subject to donor-imposed stipulations that will be met by actions of the Organization and/or the passage of time.

*Permanently Restricted* – Net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization.

#### ***Contributions***

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service.

The Organization recognizes revenue for certain donated services and other in-kind contributions received at fair value as of the date of the gift.

#### ***Cash and cash equivalents***

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

#### ***Investments***

Investments are recorded at fair value. The fair value of investments is based on the last sales price on the valuation date for those securities traded on national securities exchanges. For securities traded over-the-counter, the last bid price is used. Realized and unrealized gains or losses are determined by comparison of cost to either proceeds received from sales or market values.

Purchases and sales of securities are recorded on a trade-date basis. Investment income is recognized as revenue in the period it is earned. Dividends are recorded on the ex-dividend date.

***Fair value measurement***

Generally accepted accounting principles in the United States of America (GAAP) define fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value. See Note 4.

***Pledges receivable***

Unconditional promises to give are recorded as receivables and contribution revenue when the promises are received. Contributions to be received after one year are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. The carrying amount of pledges receivable is reduced by a valuation allowance. The valuation allowance is adjusted at year end to reflect the percentage of pledges considered uncollectible by management based on historical collection experience and review of pledges receivable.

An allowance for uncollectible pledge receivables is estimated and based on management's judgment of the collectability of these receivables. At December 31, 2015 and 2014, the Organization considered all remaining pledge receivables to be fully collectible. Accordingly, there was no allowance for uncollectible pledge receivables.

***Inventory***

Inventories are stated at lower of cost or market determined by the first-in, first-out method.

***Property and equipment***

Property and equipment are recorded at cost or if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful lives. The useful lives used for depreciation range from three years to forty years.

***Donated use of land***

In 1934 the Organization received a donation of the use approximately 10 acres. The Organization may continue to use this land at no charge for as long as it remains in operation on the site. No amounts have been reflected in the financial statements for donated use of land as no objective basis is available to measure the value of such use.

***Expense allocation***

The costs of providing program and management and fund raising activities have been summarized on a functional basis in the Schedules of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

***Concentrations of credit risk***

Cash and cash equivalents consist of cash on deposit in banks and cash invested in liquid asset trust funds with initial maturities of three months or less. The Organization periodically maintains bank deposits in excess of the Federal Deposit Insurance Corporation limit.

***Income taxes***

The Organization is recognized by the Internal Revenue Service as a nonprofit under Section 501(c)(3) of the Internal Revenue Code; accordingly the accompanying financial statements do not reflect a provision or liability for federal and state income taxes

**Jacksonville Humane Society, Inc.**  
**Notes to Financial Statements**

---

***Use of estimates***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect (1) the reported amounts of assets and liabilities; (2) disclosure of contingent assets and liabilities at the date of the financial statements; and, (3) the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Subsequent events***

In preparing these financial statements, the Organization evaluated events and transactions for potential recognition or disclosure through June 21, 2016, the date of the financial statements were available for issue.

**2. Unconditional Promises to Give**

Unconditional promises to give at December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Unconditional promises to give	<u>\$ 3,233,341</u>	<u>\$ 2,738,500</u>
Amounts due in:		
Less than one year	\$ 2,096,343	\$ 1,303,209
One to five years	1,212,812	1,482,010
More than five years	<u>20,874</u>	<u>25,411</u>
Total unconditional promises to give	<u>3,330,029</u>	<u>2,810,630</u>
Less: discounts to net present value (2%)	<u>(96,688)</u>	<u>(72,130)</u>
Net unconditional promises to give	<u>\$ 3,233,341</u>	<u>\$ 2,738,500</u>

**3. Investments**

Investments at December 31, 2015 and 2014 consist of the following:

	<u>2015</u>	<u>2014</u>
Common stock:		
Large cap	<u>\$ 1,060,177</u>	<u>\$ 634,991</u>
Mutual funds:		
Fixed income	645,615	585,048
Equities	236,218	-
Alternative investments	<u>99,096</u>	<u>131,387</u>
	<u>980,929</u>	<u>716,435</u>
Certificates of deposit	<u>745,445</u>	<u>-</u>
	<u>\$ 2,786,551</u>	<u>\$ 1,351,426</u>

Investment income is reported net of related investment expenses in the statement of activities. The amount of expenses netted with revenues was \$17,466 in 2015 (\$6,453 in 2014).

#### **4. Fair Value of Financial Assets**

The Organization follows accounting standards requiring a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require management judgment and estimation. Such investment valuations are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques.

Inputs broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

The Organization's investments are Level 1 assets. The following is a description of the valuation methodologies used for assets measured at fair value.

Level 1 Fair Value Measurements - The fair value of equities is based on the closing price reported on the active market on which the individual securities are traded. The fair value of mutual funds is based on quoted net asset values of the shares held by the Organization at year end. The fair value of money market funds and certificates of deposit are based on transacted values.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

There were no changes during the year ended December 31, 2015 to the Organization's valuation techniques used to measure asset and liability fair values on a recurring basis.

**Jacksonville Humane Society, Inc.**  
**Notes to Financial Statements**

**5. Property and Equipment**

Property and equipment consists of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Donated land	\$ 4,700,000	\$ 4,700,000
Community animal hospital	3,231,979	3,225,979
Land – clinic and thrift stores	273,054	273,054
Clinic – building and improvements	211,176	211,176
Clinic equipment	62,492	55,465
Thrift store – building and improvements	-	563,074
Shelter and improvements	851,714	874,117
Equipment	174,324	210,412
Vehicles	81,910	81,910
Construction in progress	<u>474,146</u>	<u>1,640</u>
	<b>10,060,795</b>	10,196,827
Less: accumulated depreciation	<u>(1,765,617)</u>	<u>(2,078,252)</u>
	<b><u>\$ 8,295,178</u></b>	<b><u>\$ 8,118,575</u></b>

The Organization's thrift store closed in April 2015.

**6. Temporarily Restricted and Permanently Restricted Assets**

Temporarily restricted net assets consist of the following:

	<u>January 1, 2015</u>	<u>Increase / Contributions</u>	<u>Decreases/ Uses</u>	<u>December 31, 2015</u>
Bo's Fund	\$ 5,494	\$ 20,579	\$ (18,777)	\$ 7,296
Mend a Friend	-	27,835	(27,835)	-
Peaches	15,998	925	(7,884)	9,039
Emergency boarding	8,560	-	-	8,560
Capital campaign	4,070,464	2,974,516	(492,652)	6,552,328
Donated land for resale	<u>1,081,500</u>	-	-	<u>1,081,500</u>
	<b><u>\$ 5,182,016</u></b>	<b><u>\$ 3,023,855</u></b>	<b><u>\$ (547,148)</u></b>	<b><u>\$ 7,658,723</u></b>

	<u>January 1, 2014</u>	<u>Increase / Contributions</u>	<u>Decreases/ Uses</u>	<u>December 31, 2014</u>
Bo's Fund	\$ 9,891	\$ 17,943	\$ (22,339)	\$ 5,494
Mend a Friend	-	20,422	(20,422)	-
Peaches	9,513	13,031	(6,546)	15,998
Emergency boarding	8,080	3,000	(2,520)	8,560
Capital campaign	2,552,379	1,594,843	(76,759)	4,070,464
Donated land for resale	<u>1,081,500</u>	-	-	<u>1,081,500</u>
	<b><u>\$ 3,661,363</u></b>	<b><u>\$ 1,649,239</u></b>	<b><u>\$ (128,586)</u></b>	<b><u>\$ 5,182,016</u></b>

**Jacksonville Humane Society, Inc.**  
**Notes to Financial Statements**

---

In 2007 the Organization received two adjoining parcels of land in Duval County, Florida with a fair market value of \$3,500,000 as part of a capital campaign. This property was donated with the stipulation that the land cannot be sold within the ensuing three years for not less than \$3,500,000. As part of the gift, there are naming rights in favor of the grantor whenever the new facility is built. In 2011, the State of Florida Department of Transportation ("FDOT") initiated eminent domain proceedings on one of the parcels. This parcel was transferred to the FDOT in 2012 for \$432,600. The remaining restricted balance is for the land still owned by the Organization, and was reduced in 2012 to market value based on the consideration received for the adjacent property transferred to the FDOT.

Permanently restricted net assets consist of approximately 16 acres of land adjacent to the Organization's current site donated to Organization for use in future operations and expansion.

## **7. Donated Materials and Services**

Donated materials are recorded as contributions at estimated fair values at the date of donation. Donated services are recognized as contributions in accordance with FASB ASC 958-10 *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. The value of donated services which meet the criteria for recognition under FASB ASC 958-10 included in the financial statements and the corresponding shelter expenses for the year ended December 31, 2015 and 2014 included donated food and medicine of approximately \$139,000 and \$172,000, respectively.

Numerous volunteers have donated their time and have performed a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. The Organization received approximate volunteer hours of 27,700 in December 31, 2015 and 33,000 in 2014. No amounts have been reflected in the financial statements for donated volunteer hours.

## **8. Defined Contribution Retirement Plan**

The Organization sponsors a defined contribution retirement plan covering substantially all full-time permanent employees. Employer contributions are determined at the Board of Directors' discretion. The plan may be terminated at any time without further obligation to the Organization. There was no employer contribution to the plan for the year ending December 31, 2015 and 2014.

## **9. Operating Leases**

The Organization entered into an agreement in 2014 to lease printing equipment. The lease expires in 2019 with rent of approximately \$1,200 payable monthly.

Future minimum rents under non-cancelable operating leases as of December 31, 2015 are as follows:

<b>Year ended December 31:</b>	
2016	\$ 14,506
2017	14,506
2018	14,506
2019	<u>6,967</u>
	<u>\$ 50,485</u>

***Supplementary Information***



**Jacksonville Humane Society, Inc.**  
**Schedule of the Source and Expenditure of City Grant Funds**  
**Year Ended December 31, 2015 and 2014**

	<u>Budgeted</u>	<u>Actual 1/1/14 to 12/31/14</u>	<u>Actual 1/1/15 to 12/31/15</u>	<u>Total Actual</u>	<u>Remaining Balance</u>
<b>City of Jacksonville</b>					
<b>Public Service Grant</b>					
Contract Number: 7512-24					
Contract Period: 10/1/14 - 9/30/15					
Award Amount: \$89,770					
Salaries	\$ 89,770	\$ 22,443	\$ 67,327	\$ 89,770	\$ -
Total	<u>\$ 89,770</u>	<u>\$ 22,443</u>	<u>\$ 67,327</u>	<u>\$ 89,770</u>	<u>\$ -</u>

	<u>Budgeted</u>	<u>Actual 1/1/14 to 12/31/14</u>	<u>Actual 1/1/15 to 12/31/15</u>	<u>Total Actual</u>	<u>Remaining Balance</u>
<b>City of Jacksonville</b>					
<b>Public Service Grant</b>					
Contract Number: 7512-25					
Contract Period: 10/1/15 - 9/30/16					
Award Amount: \$89,770					
Salaries	\$ 89,770	\$ -	\$ 22,443	\$ 22,443	\$ 67,327
Total	<u>\$ 89,770</u>	<u>\$ -</u>	<u>\$ 22,443</u>	<u>\$ 22,443</u>	<u>\$ 67,327</u>

See independent auditors' report on the supplementary information.