

Jacksonville Humane Society, Inc.

Financial Statements and Supplementary Information as
of and for the Years Ended December 31, 2014 and 2013,
and Independent Auditors' Report

JACKSONVILLE HUMANE SOCIETY, INC.

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INDEPENDENT AUDITORS' REPORT

To the 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, 2014 and 2013, 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, 2014 and 2013, 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 basic 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 26, 2015

**JACKSONVILLE HUMANE SOCIETY, INC.
STATEMENTS OF FINANCIAL POSITION
YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>ASSETS</u>	
	2014	2013
CURRENT ASSETS:		
Cash and equivalents	\$ 3,718,679	\$ 3,257,769
Investments	1,351,426	-
Accounts receivable, net of allowance for bad debts of \$3,027 in 2014, \$23,933 in 2013	37,536	11,950
Unconditional promises to give	1,303,209	1,358,034
Prepaid expenses	25,210	20,324
Inventory	54,774	61,190
Total current assets	6,490,834	4,709,267
 PROPERTY AND EQUIPMENT, NET	 8,118,575	 8,732,812
 OTHER ASSETS:		
Unconditional promises to give, net	1,435,291	805,325
Land held for resale	1,081,505	1,081,505
 TOTAL ASSETS	 \$ 17,126,205	 \$ 15,328,909
 <u>LIABILITIES AND NET ASSETS</u>		
 CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 149,729	\$ 173,489
Deferred revenue	17,766	89,118
Total current liabilities	167,495	262,607
 NET ASSETS:		
Unrestricted	7,076,694	6,704,939
Temporarily restricted	5,182,016	3,661,363
Permanently restricted	4,700,000	4,700,000
Total net assets	16,958,710	15,066,302
 TOTAL LIABILITIES AND NET ASSETS	 \$ 17,126,205	 \$ 15,328,909

The notes to financial statements are an integral part of these statements.

JACKSONVILLE HUMANE SOCIETY, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES:								
Program Revenues:								
Outreach	\$ 38,768	\$ -	\$ -	\$ 38,768	\$ 37,270	\$ -	\$ -	\$ 37,270
Adoptions	234,280	-	-	234,280	269,356	-	-	269,356
Hospital services	1,710,126	-	-	1,710,126	1,308,012	-	-	1,308,012
Obedience classes	5,733	-	-	5,733	11,215	-	-	11,215
Cemetery plots and related fees	23,666	-	-	23,666	16,162	-	-	16,162
Contributions	1,466,201	1,649,239	-	3,115,440	1,128,565	2,468,015	-	3,596,580
In-kind contributions	171,677	-	-	171,677	227,412	-	-	227,412
Bequests	912,598	-	-	912,598	698,756	-	-	698,756
Grants	230,010	-	-	230,010	436,145	-	-	436,145
City of Jacksonville grants	89,765	-	-	89,765	89,770	-	-	89,770
Special events (net of expenses of \$49,944 and \$28,866 in 2014 and 2013, respectively)	234,928	-	-	234,928	185,338	-	-	185,338
Thrift shop (net of expenses of \$796,527 and \$442,852 in 2014 and 2013, respectively)	(307,429)	-	-	(307,429)	34,025	-	-	34,025
Merchandise	81,442	-	-	81,442	72,273	-	-	72,273
Rental income	-	-	-	-	14,004	-	-	14,004
Investment income	10,743	-	-	10,743	1,942	-	-	1,942
Miscellaneous income	27,128	-	-	27,128	21,195	-	-	21,195
Total revenue	4,929,636	1,649,239	-	6,578,875	4,551,440	2,468,015	-	7,019,455
Net assets released from restrictions	128,586	(128,586)	-	-	123,819	(123,819)	-	-
EXPENSES:								
Program services	4,057,113	-	-	4,057,113	3,436,810	-	-	3,436,810
Management and general	142,700	-	-	142,700	119,484	-	-	119,484
Fundraising	486,654	-	-	486,654	552,965	-	-	552,965
Total expenses	4,686,467	-	-	4,686,467	4,109,259	-	-	4,109,259
CHANGE IN NET ASSETS	371,755	1,520,653	-	1,892,408	566,000	2,344,196	-	2,910,196
NET ASSETS, BEGINNING	6,704,939	3,661,363	4,700,000	15,066,302	6,138,939	1,317,167	4,700,000	12,156,106
NET ASSETS, ENDING	\$ 7,076,694	\$ 5,182,016	\$ 4,700,000	\$ 16,958,710	\$ 6,704,939	\$ 3,661,363	\$ 4,700,000	\$ 15,066,302

The notes to financial statements are an integral part of these statements.

JACKSONVILLE HUMANE SOCIETY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2014

	Program Expenses				Supporting Services		
	Shelter Services	Medical/Vet Services	Hospital Services	Total Program	Management and General	Fundraising	Total
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>

The notes to financial statements are an integral part of these statements

JACKSONVILLE HUMANE SOCIETY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2013

	Program Expenses				Supporting Services		
	Shelter Services	Medical/Vet Services	Hospital Services	Total Program	Management and General	Fundraising	Total
Salaries	\$ 514,727	\$ 335,128	\$ 674,687	\$ 1,524,542	\$ 84,863	\$ 174,396	\$ 1,783,801
Payroll taxes	48,066	30,605	56,542	135,213	7,263	15,430	157,906
Employee benefits	54,876	36,478	51,649	143,003	7,109	10,295	160,407
Personnel costs	<u>617,669</u>	<u>402,211</u>	<u>782,878</u>	<u>1,802,758</u>	<u>99,235</u>	<u>200,121</u>	<u>2,102,114</u>
Professional fees	40,291	4,663	18,433	63,387	1,362	97,757	162,506
Repairs and maintenance	9,482	3,767	21,059	34,308	942	942	36,192
Telephone	5,784	2,311	8,090	16,185	578	578	17,341
Food, medicine and exam room	280,165	165,370	587,891	1,033,426	-	-	1,033,426
Insurance	21,395	8,549	29,927	59,871	3,821	2,137	65,829
Community education	28,388	695	3,197	32,280	61	1,929	34,270
Utilities	25,913	10,354	36,247	72,514	2,589	2,589	77,692
Vehicle expense	2,262	904	3,164	6,330	226	226	6,782
Taxes and licenses	211	1,738	1,684	3,633	414	4	4,051
Office expense	17,635	6,746	37,140	61,521	1,329	14,041	76,891
Postage	877	350	1,227	2,454	99	6,677	9,230
Printing	-	-	-	-	-	2,646	2,646
Direct mail	-	-	-	-	-	214,460	214,460
Miscellaneous	20,225	8,081	28,289	56,595	1,990	2,020	60,605
Total expense before depreciation	<u>1,070,297</u>	<u>615,739</u>	<u>1,559,226</u>	<u>3,245,262</u>	<u>112,646</u>	<u>546,127</u>	<u>3,904,035</u>
Depreciation	<u>68,451</u>	<u>27,351</u>	<u>95,746</u>	<u>191,548</u>	<u>6,838</u>	<u>6,838</u>	<u>205,224</u>
Total expenses	<u>\$ 1,138,748</u>	<u>\$ 643,090</u>	<u>\$ 1,654,972</u>	<u>\$ 3,436,810</u>	<u>\$ 119,484</u>	<u>\$ 552,965</u>	<u>\$ 4,109,259</u>

The notes to financial statements are an integral part of these statements

JACKSONVILLE HUMANE SOCIETY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,892,408	\$ 2,910,196
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	628,989	273,600
Realized and unrealized loss on investments	6,224	-
Changes in operating assets and liabilities:		
Accounts receivable	(25,586)	977
Unconditional promises to give	(575,141)	(2,145,521)
Prepaid expenses	(4,886)	1,941
Inventory	6,416	(14,059)
Accounts payable and accrued expenses	(23,757)	(120,438)
Deferred revenue	(71,355)	8,183
	<u>1,833,312</u>	<u>914,879</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales of investments	245,352	18,708
Purchases of investments	(1,603,002)	-
Purchase of equipment	(14,752)	(6,000)
	<u>(1,372,402)</u>	<u>12,708</u>
Net Cash (Used in) Provided by Investing Activities		
	<u>460,910</u>	<u>927,587</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	<u>3,257,769</u>	<u>2,330,182</u>
CASH AND CASH EQUIVALENTS, BEGINNING		
	<u>3,257,769</u>	<u>2,330,182</u>
CASH AND CASH EQUIVALENTS, ENDING		
	<u>\$ 3,718,679</u>	<u>\$ 3,257,769</u>

The notes to financial statements are an integral part of these statements.

JACKSONVILLE HUMANE SOCIETY, INC.

Notes to Financial Statements

December 31, 2014 and 2013

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, 2014 and 2013, 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 – The Organization, in 1934 was donated the use of 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. According, 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. The Organization has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2014 and 2013 . Years ending on or after December 31, 2011 remain subject to examination by Federal and state tax authorities.

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 26, 2015, the date of the financial statements were available for issue.

2. Unconditional Promises to Give

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

	<u>2014</u>	<u>2013</u>
Unconditional promises to give	<u>\$2,738,500</u>	<u>\$ 2,163,359</u>
Amounts due in:		
Less than one year	\$ 1,303,209	\$ 1,358,034
One to five years	1,482,010	860,170
More than five years	<u>25,411</u>	<u>1,770</u>
Total unconditional promises to give	<u>2,810,630</u>	<u>2,219,974</u>
Less: Discounts to net present value (1.5%)	<u>(72,130)</u>	<u>(56,615)</u>
Net unconditional promises to give	<u>\$2,738,500</u>	<u>\$ 2,163,359</u>

3. Investments

Investments at December 31, 2014 consist of the following:

Common stocks:

Large cap	<u>\$ 634,991</u>
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Mutual funds:

Fixed income	585,048
Alternative investments	<u>131,387</u>
	<u>716,435</u>
	<u><u>\$1,351,426</u></u>

There were no investments held at December 31, 2013. Investment income is reported net of related investment expenses in the statement of activities. The amount of expenses netted with revenues was \$6,453 in 2014 (none in 2013).

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 is 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, 2014 to the Organization's valuation techniques used to measure asset and liability fair values on a recurring basis.

5. Property and Equipment

Property and equipment consists of the following at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Donated land	\$ 4,700,000	\$ 4,700,000
Community animal hospital	3,225,979	3,225,979
Land - clinic and thrift store	273,054	273,054
Clinic - building and improvements	211,176	211,176
Clinic equipment	55,465	55,465
Thrift store - building and improvements	563,074	563,074
Shelter and improvements	874,117	874,117
Equipment	210,412	197,300
Vehicles	81,910	81,910
Construction in progress	1,640	-
Subtotal	<u>10,196,827</u>	<u>10,182,075</u>
Less: Accumulated depreciation	(2,078,252)	(1,449,263)
Total	<u><u>\$ 8,118,575</u></u>	<u><u>\$ 8,732,812</u></u>

The Organization's thrift store closed in April 2015. The remaining useful lives of the store's buildings and improvements were reduced accordingly and the effect is included in 2014 depreciation expense and accumulated depreciation.

6. Temporarily Restricted and Permanently Restricted Assets

Temporarily restricted net assets consist of the following:

	January 1, 2014	Increases/ Contributions	Decreases/ Uses	December 31, 2014
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	1,081,500	-	-	1,081,500
Total	<u>\$ 3,661,363</u>	<u>\$ 1,649,239</u>	<u>\$ (128,586)</u>	<u>\$ 5,182,016</u>

	January 1, 2013	Increases/ Contributions	Decreases/ Uses	December 31, 2013
Bo's Fund	\$ 15,863	\$ 10,499	\$ (16,471)	\$ 9,891
Mend a Friend	-	6,583	(6,583)	-
Peaches	-	10,753	(1,240)	9,513
Emergency Boarding	-	13,000	(4,920)	8,080
Capital Campaign	219,804	2,427,180	(94,605)	2,552,379
Donated Land for Resale	1,081,500	-	-	1,081,500
Total	<u>\$ 1,317,167</u>	<u>\$ 2,468,015</u>	<u>\$ (123,819)</u>	<u>\$ 3,661,363</u>

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 should the land be sold within the ensuing three years it be sold 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, 2014 and 2013 included donated food and medicine of \$171,677 and \$227,412, 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 33,000 in December 31, 2014 and 22,600 in 2013. No amounts have been reflected in the financial statements for donated volunteer hours.

8. Defined Contribution Retirement Plan

The Organization maintains 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, 2014 and 2013.

9. Operating Leases

The Organization entered into an agreement in 2014 to lease printing equipment. The lease expires in 2019 with rent of \$1,209 payable monthly.

Future minimum rents under non-cancelable operating leases as of December 31, 2014 are as follows:

Year ended December 31:

2015	\$ 14,506
2016	14,506
2017	14,506
2018	14,506
2019	<u>8,462</u>
	<u>\$ 66,486</u>

JACKSONVILLE HUMANE SOCIETY, INC.
SUPPLEMENTARY INFORMATION
SCHEDULES OF THE SOURCE AND EXPENDITURE OF CITY GRANT FUNDS
YEARS ENDED DECEMBER 31, 2014 AND 2013

City of Jacksonville
Public Service Grant
Contract Number: 7512-23
Contract Period: 10/1/13 - 9/30/14
Award Amount: \$89,770

	<u>Budgeted</u>	<u>10/1/2012 - 12/31/2012</u>	<u>1/1/2013 - 9/30/2013</u>	<u>Total Actual</u>	<u>Remaining Balance</u>
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>

City of Jacksonville
Public Service Grant
Contract Number: 7512-24
Contract Period: 10/1/14 - 9/30/15
Award Amount: \$89,770

	<u>Budgeted</u>	<u>Actual 10/1/2013 - 12/31/2013</u>	<u>Actual 1/1/2014 - 9/30/2014</u>	<u>Total Actual</u>	<u>Remaining Balance</u>
Salaries	\$ 89,770	\$ 22,443	\$ -	\$ 22,443	\$ 67,327
Total	<u>\$ 89,770</u>	<u>\$ 22,443</u>	<u>\$ -</u>	<u>\$ 22,443</u>	<u>\$ 67,327</u>

See Independent Auditors' Report