

**ST. TAMMANY HUMANE SOCIETY /DBA
NORTHSHORE HUMANE SOCIETY**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

St. Tammany Humane Society
Covington, Louisiana
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December 31, 2018 and 2017

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Independent Auditor's Report

To the Board of Directors of
St. Tammany Humane Society /dba
Northshore Humane Society
Covington, Louisiana

We have audited the accompanying financial statements of the St. Tammany Humane Society (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. The financial statements of St. Tammany Humane Society as of December 31, 2017, were audited by other auditors whose report dated July 31, 2018, expressed an unmodified opinion on those 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 audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the St. Tammany Humane Society 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.

St. Tammany Humane Society
May 28, 2019

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 18 and the Summary Schedule of Prior Year Findings and Responses on page 19 are presented for purposes of additional analysis and are 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 audit 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.

*James Lambert Riggs
& Associates*

James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

May 28, 2019

Financial Statements

St. Tammany Humane Society
Covington, Louisiana
Statements of Financial Position
December 31, 2018 and 2017

Exhibit A

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 797,276	\$ 576,215
Accounts Receivable, Net	8,579	21,237
Inventory	<u>90,891</u>	<u>100,266</u>
Total Current Assets	896,746	697,718
Property & Equipment:		
Land	364,470	254,470
Buildings and Improvements	396,084	396,084
Furniture, Fixtures, and Equipment	208,786	208,786
Vehicles	83,700	83,700
Leased Equipment	67,638	67,638
Less: Accumulated Depreciation	<u>(418,700)</u>	<u>(375,427)</u>
Total Property & Equipment	<u>701,978</u>	<u>635,251</u>
Total Assets	<u>\$ 1,598,724</u>	<u>\$ 1,332,969</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	\$ 237,917	\$ 112,955
Payroll Liabilities	79,850	63,415
Sales Tax Payable	2,167	5,149
Capital Leases, Current Portion	11,543	11,317
Note Payable, Current Portion	<u>7,504</u>	<u>8,175</u>
Total Current Liabilities	338,981	201,011
Long-Term Liabilities:		
Capital Leases, Net of Current Portion	26,300	37,843
Note Payable, Net of Current Portion	<u>34,284</u>	<u>40,818</u>
Total Long-Term Liabilities	<u>60,584</u>	<u>78,661</u>
Total Liabilities	<u>399,565</u>	<u>279,672</u>
Net Assets:		
Without Donor Restrictions	978,509	1,045,528
With Donor Restrictions	<u>220,650</u>	<u>7,769</u>
Total Net Assets	<u>1,199,159</u>	<u>1,053,297</u>
Total Liabilities and Net Assets	<u>\$ 1,598,724</u>	<u>\$ 1,332,969</u>

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

St. Tammany Humane Society
Covington, Louisiana
Statements of Activities
For the Year Ended December 31, 2018 and 2017

Exhibit B

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support:						
Contributed Support:						
Grants	\$ -	\$ 5,000	\$ 5,000	\$ 5,000	\$ -	\$ 5,000
Donations	311,609	33,397	345,006	295,655	16,769	312,424
Fundraising	413,472	200,000	613,472	397,638	-	397,638
Earned Revenue:						
Kennel	121,383	-	121,383	102,080	-	102,080
Medical	1,560,918	-	1,560,918	1,431,711	-	1,431,711
Services	808,607	-	808,607	782,752	-	782,752
Investment Income / (Loss)	(17,116)	-	(17,116)	41,658	-	41,658
Net Assets Released from Restrictions	25,516	(25,516)	-	36,900	(36,900)	-
Total Revenues and Other Support	3,224,389	212,881	3,437,270	3,093,394	(20,131)	3,073,263
Expenses:						
Program Services	2,843,860	-	2,843,860	2,401,635	-	2,401,635
Supportive Services:						
General and Administrative	62,942	-	62,942	218,344	-	218,344
Fundraising	384,606	-	384,606	276,368	-	276,368
Total Expenses	3,291,408	-	3,291,408	2,896,347	-	2,896,347
Change in Net Assets	(67,019)	212,881	145,862	197,047	(20,131)	176,916
Net Assets - Beginning of the Year	1,045,528	7,769	1,053,297	848,481	27,900	876,381
Net Assets - End of the Year	\$ 978,509	\$ 220,650	\$ 1,199,159	\$ 1,045,528	\$ 7,769	\$ 1,053,297

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

St. Tammany Humane Society
Covington, Louisiana
Statement of Functional Expenses
For the Year Ended December 31, 2018

Exhibit C

	Program Services				Total Program Services	Supporting Services		
	Adoptions	Foster	Clinic	Kennel		General & Admin.	Fundraising	Total
Salaries & Payroll Taxes	\$ 165,772	\$ 49,381	\$ 637,943	\$ 404,601	\$ 1,257,697	\$ 8,770	\$ 202,136	\$ 1,468,603
Clinic Expenses	-	-	731,673	-	731,673	-	-	731,673
Kennel	-	-	-	534,987	534,987	-	-	534,987
Adoption Expenses	18,944	-	-	-	18,944	-	-	18,944
Contract Services	-	-	-	-	-	11,595	-	11,595
Contributed Support	-	-	-	-	-	-	131,047	131,047
Depreciation	-	-	43,866	-	43,866	2,131	-	45,997
Feed and Supplies	-	-	-	48,658	48,658	-	-	48,658
Insurance	8,970	645	19,220	13,302	42,137	3,518	1,990	47,645
Interest Expense	-	-	978	-	978	-	-	978
Licenses and Fees	20	-	4,089	259	4,368	83	230	4,681
Occupancy	4,770	4,770	25,440	25,440	60,420	3,180	-	63,600
Office	6,402	1,929	24,821	3,929	37,081	6,601	47,611	91,293
Repairs & Maintenance	2,103	2,103	11,216	11,216	26,638	1,401	-	28,039
Telephone and Utilities	4,510	1,313	15,294	15,296	36,413	1,012	1,592	39,017
Miscellaneous	-	-	-	-	-	24,651	-	24,651
Loss on Asset Disposal	-	-	-	-	-	-	-	-
Total Expenses	<u>\$ 211,491</u>	<u>\$ 60,141</u>	<u>\$ 1,514,540</u>	<u>\$ 1,057,688</u>	<u>\$ 2,843,860</u>	<u>\$ 62,942</u>	<u>\$ 384,606</u>	<u>\$ 3,291,408</u>

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

St. Tammany Humane Society
Covington, Louisiana
Statement of Functional Expenses
For the Year Ended December 31, 2017

Exhibit C
(Continued)

	Program Services				Total Program Services	Supporting Services		
	Adoptions	Foster	Clinic	Kennel		General & Admin.	Fundraising	Total
Salaries & Payroll Taxes	75,686	75,686	397,351	397,351	\$ 946,074	\$ 178,334	\$ 165,186	\$ 1,289,594
Clinic Expenses	-	-	732,547	-	732,547	-	-	732,547
Kennel	-	-	-	421,757	421,757	-	-	421,757
Contract Services	-	-	-	-	-	7,221	-	7,221
Contributed Support	-	-	-	-	-	-	107,777	107,777
Depreciation	-	-	40,964	-	40,964	1,152	-	42,116
Feed and Supplies	-	-	-	52,494	52,494	-	-	52,494
Insurance	2,765	2,765	14,516	14,515	34,561	9,536	2,850	46,947
Interest Expense	-	-	1,477	-	1,477	-	-	1,477
Licenses and Fees	353	353	1,853	1,854	4,413	222	95	4,730
Occupancy	3,530	3,530	18,829	18,829	44,718	2,354	-	47,072
Office	4,308	4,308	22,614	22,614	53,844	8,556	460	62,860
Repairs & Maintenance	1,518	1,518	7,969	7,968	18,973	4,743	-	23,716
Telephone and Utilities	2,286	2,286	12,000	12,000	28,572	6,226	-	34,798
Miscellaneous	-	-	20,456	-	20,456	-	-	20,456
Loss on Asset Disposal	-	-	785	-	785	-	-	785
Total Expenses	<u>\$ 90,446</u>	<u>\$ 90,446</u>	<u>\$ 1,271,361</u>	<u>\$ 949,382</u>	<u>\$ 2,401,635</u>	<u>\$ 218,344</u>	<u>\$ 276,368</u>	<u>\$ 2,896,347</u>

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

St. Tammany Humane Society
Covington, Louisiana
Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

Exhibit D

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Increase in Net Assets	\$ 145,862	\$ 176,916
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by / (Used in) Operating Activities:		
Depreciation	45,997	42,116
Loss on Disposal of Property and Equipment	-	785
Unrealized Gain, Net	-	(16,398)
Realized Gain, Net	-	(22,023)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	12,658	(9,745)
Inventory	9,375	(28,831)
Accounts Payable	124,962	(20,481)
Payroll Liabilities	16,435	14,977
Sales Tax Payable	(2,982)	(164)
Net Cash Provided by (Used in) Operating Activities	<u>352,307</u>	<u>137,152</u>
Cash Flows from Investing Activities:		
Purchases of Property and Equipment	(112,724)	(198,763)
Proceeds from Sale of Cash and Cash Equivalents	-	38,421
Net Cash Provided by (Used in) Investing Activities	<u>(112,724)</u>	<u>(160,342)</u>
Cash Flows from Financing Activities:		
Payments of Capital Leases	(11,317)	(18,478)
Proceeds from Note Payable	-	50,759
Payments on Note Payable	(7,205)	(1,766)
Net Cash Provided by (Used in) Financing Activities	<u>(18,522)</u>	<u>30,515</u>
Net Change in Cash and Cash Equivalents	221,061	7,325
Cash and Cash Equivalents - Beginning of the Year	<u>576,215</u>	<u>568,890</u>
Cash and Cash Equivalents - End of the Year	<u>\$ 797,276</u>	<u>\$ 576,215</u>
Supplemental Disclosure of Cash Flow Information		
Cash Paid for Interest	<u>\$ 978</u>	<u>\$ 1,477</u>
Supplemental Disclosure of Noncash Investing and Financing Transactions:		
Donation of Land	<u>\$ 110,000</u>	<u>\$ 110,000</u>
Capital Lease Obligation Incurred for use of Property and Equipment	<u>\$ -</u>	<u>\$ 67,638</u>

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

St. Tammany Humane Society
Covington, Louisiana
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Introduction

The St. Tammany Humane Society (the “Society”) is one of Louisiana’s largest not-for-profit animal welfare organizations. Since 1953, the Society has been serving the unwanted, neglected, abandoned, and abused animals of St. Tammany, Washington, Tangipahoa, and St. Helena Parishes. The Society operates an animal shelter, veterinary clinic, and gift shop, and also provides fostering and adoption services. The Society is also an organization, as described in Section 170(b)(1)(A)(vi) of the Internal Revenue Code, that normally receives a substantial part of its support from direct or indirect contributions from the general public. As of February 2018, the Society began doing business under the name Northshore Humane Society.

1. Summary of Significant Accounting Policies

A. Basis of Accounting

In accordance with generally accepted accounting principles, the accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

B. Basis of Presentation

Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Society and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Revenues are reported as increases in net assets without restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without restrictions.

Net Assets With Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulated that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

C. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. Property and Equipment

All acquisitions of property and equipment in excess of \$2,500 whose useful lives extend beyond a one-year period and betterments which naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Repairs and maintenance that do not extend the asset’s useful life are expensed as incurred. Property and equipment are carried at cost, or, if donated, at their acquisition

St. Tammany Humane Society
Covington, Louisiana
Notes to the Financial Statements (Continued)
For the Years Ended December 31, 2018 and 2017

value (entry price) at the date of donation. Assets acquired through lease agreements meeting requirements under generally accepted accounting principles that require capitalization are recorded at their fair market values as of the date of the lease inception. The Society records depreciation on its property and equipment using the straight-line method. The following is a summary of the estimated useful lives used:

Furniture	5 - 15 Years
Equipment	5 - 20 Years
Vehicles	10 Years
Leased Equipment	5 - 6 Years
Buildings & Improvements	7 - 40 Years

The Society periodically evaluates the carrying value of long-lived assets to be held and used when events and circumstances warrant such a review. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset. Fair market value is determined by independent market appraisals or by using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner except that fair market values are reduced for the cost to dispose. There were no impairments of long-lived assets recognized for the years ended December 31, 2018 and 2017.

E. Revenue and Support with Donor Restrictions and without Donor Restrictions

Contributions received are recorded as increases in net assets without donor restrictions or increases in net assets with donor restrictions, depending on the existence and / or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions, and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same accounting period are reported as support and revenues without restrictions.

Fundraising and other revenues are recognized as earned.

F. Donated Assets and Services

The Society recognizes donated services, if significant in amount, which create or enhance nonfinancial assets or that require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Management believes the value of contributed services meeting the requirement for recognition in the financial statements was not material and, thus, has not been recorded. For the years ended December 31, 2018 and 2017, there were \$0 and \$0, respectively.

St. Tammany Humane Society
Covington, Louisiana
Notes to the Financial Statements (Continued)
For the Years Ended December 31, 2018 and 2017

G. Income Taxes

The Society is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Management believes there are no uncertain tax positions included in the financial statements.

H. Inventory

Inventory is valued at the lower of cost using FIFO (first-in, first-out) or market and consists of medical and retail supplies, which are recorded as expenditures when consumed.

I. Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses which are directly associated with program services or supportive services are charged directly to that functional area. Occupancy and repairs & maintenance expenses have been allocated based upon a reasonable split percentage developed by management.

J. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Society considers all money market funds and unrestricted, highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

K. Direct Mail Campaigns

The Society achieves some of its programmatic, management, and general goals in direct mail campaigns that include requests for contributions. The costs of conducting those campaigns for the year ended December 31, 2018 and 2017 was \$21,061 and \$32,617, respectively, and is included in contributed support in the statements of functional expenses.

L. Reclassifications

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

M. Recent Financial Accounting Pronouncements

During the year ended December 31, 2018, the Society adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14)*. This 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 between not-for-profit entities. A key change required by ASU 2016-14 is a change in the net asset classes used in the financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now

St. Tammany Humane Society
Covington, Louisiana
Notes to the Financial Statements (Continued)
For the Years Ended December 31, 2018 and 2017

reported as net assets with donor restrictions. A footnote on liquidity and availability of financial statements has also been added to the financial statements (Note 9).

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). Under the new provisions, all lessees will report a right-of-use asset and a liability for the obligation to make payments for all leases with the exception of those leases with a term of 12 months or less. All other leases will fall into one of two categories: 1) Financing leases, similar to capital leases, will require the recognition of an asset and liability, measured at the present value of the lease payments. Interest on the liability will be recognized separately from amortization of the asset and principal repayments will be classified as financing outflows and payments of interest as operating outflows on the statement of cash flows; 2) Operating leases will also require the recognition of an asset and liability measured at the present value of the lease payments. A single lease cost, consisting of interest on the obligation and amortization of the asset, calculated such that the amortization of the asset will increase as the interest amount decreases resulting in a straight-line recognition of lease expense. All cash outflows will be classified as operating on the statement of cash flows. Lessor accounting remains substantially unchanged with the exception that no leases entered into after the effective date will be classified as leveraged leases. For sale-leaseback transactions, the sale will only be recognized if the criteria in the new revenue recognition standard are met. If there is no sale, the buyer-lessor does not recognize the transaction as a purchase and consideration paid for the asset is treated as a financing transaction. The ASU is effective for the year ended December 31, 2020, but early adoption is permitted. The Society has not elected to early adopt this standard.

2. Cash and Cash Equivalents

At December 31, 2018 and 2017, the Society had cash (book balances) totaling \$359,042 and \$119,758 consisting primarily of demand deposit accounts and money market accounts at several financial institutions. These deposits were stated at cost, which approximates market. Accounts are insured by Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA) up to \$250,000. All of the Society's cash balances were insured by the FDIC or NCUA at December 31, 2018 and 2017. The Society has not experienced any losses in such accounts and management does not believe it is exposed to any significant credit risk.

At December 31, 2018 and 2017, the Society had a brokerage account totaling \$438,234 and \$456,457, respectively, with a national brokerage firm. Account holders are insured by the Securities Investor Protection Program (SIPC) up to \$500,000, of which \$250,000 may be cash. As of December 31, 2018 and 2017, the Society's balance with the brokerage firm did not exceed the SIPC insurance. The brokerage firm allocates investments such that all investments are covered by SIPC limits thus management believes the investment policy is being followed as stated in the bylaws.

St. Tammany Humane Society
Covington, Louisiana
Notes to the Financial Statements (Continued)
For the Years Ended December 31, 2018 and 2017

3. Property and Equipment

A summary of property and equipment for the years ended December 31, 2018 and 2017, is as follows:

	<u>2018</u>	<u>2017</u>
Land	\$ 364,470	\$ 254,470
Buildings and Improvements	396,084	396,084
Furniture, Fixtures, and Equipment	208,786	208,786
Vehicles	83,700	83,700
Leased Equipment	67,638	67,638
Less: Accumulated Depreciation	<u>(418,700)</u>	<u>(375,427)</u>
Total	<u>\$ 701,978</u>	<u>\$ 635,251</u>

Depreciation expense for the years ended December 31, 2018 and 2017, amounted to \$45,997 and \$42,116, respectively.

4. Line of Credit

On March 7, 2016, the Society entered into a line of credit with a financial institution bearing a variable interest rate, per annum, based on the Lender's Prime Rate. The Lender's Prime Rate on December 31, 2017 and 2016 was 6.500%. The terms of the agreement allow the Society to draw on the line with a maximum available credit of \$50,000. The line of credit expired March 7, 2018 and was not renewed. As of December 31, 2018 and 2017, there was no amount outstanding on the line of credit.

5. Notes Payable

Notes payable consisted of the following:

	<u>2018</u>
Note payable to a bank dated September 9, 2017, collateralized by an automobile, payable in monthly installments of \$681, including principle and interest at 1.99% beginning October 10, 2017	\$ 41,788
Current Portion of Notes Payable	<u>(7,504)</u>
Notes Payable, Long-Term Portion	<u>\$ 34,284</u>

St. Tammany Humane Society
Covington, Louisiana
Notes to the Financial Statements (Continued)
For the Years Ended December 31, 2018 and 2017

The following is a schedule of future payments required:

2019	\$	8,175
2020		8,175
2021		8,175
2022		8,175
Thereafter		10,881
Less: Interest Payments		<u>(1,793)</u>
	\$	<u>41,788</u>

6. Capital Leases

Capital lease obligations consisted of the following at December 31, 2018:

Capital lease with monthly payments of \$44 due December 2021.		
Collateralized by a printer	\$	1,523
Capital lease with monthly payments of \$43 due October 2021.		
Collateralized by a printer		1,408
Capital lease with monthly payments of \$605 due December 2021.		
Collateralized by lab equipment		20,950
Capital lease with monthly payments of \$332 due August 2022.		
Collateralized by lab equipment		13,962
Less: Current Portion		<u>(11,543)</u>
Capital Leases, Net of Current Portion	\$	<u>26,300</u>

Future minimum payments required under the leases are as follows:

2019	\$	12,296
2020		12,296
2021		12,210
2022		<u>2,660</u>
Total Minimum Lease Payments		39,462
Less: Interest		<u>(1,617)</u>
Present Value of Minimum Lease Payments	\$	<u>37,845</u>

St. Tammany Humane Society
Covington, Louisiana
Notes to the Financial Statements (Continued)
For the Years Ended December 31, 2018 and 2017

7. Net Assets with Donor Restrictions

The Society's net assets with donor restrictions at December 31 consisted of the following:

	<u>2018</u>	<u>2017</u>
Clinic Expenses	\$ 10,000	\$ 7,769
Donations for New Building	210,650	-
Total	<u>\$ 220,650</u>	<u>\$ 7,769</u>

8. Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by satisfaction of the restricted purposes during the years ended December 31, as follows:

	<u>2018</u>	<u>2017</u>
Clinic Expenses	\$ 25,516	\$ 36,900
Total	<u>\$ 25,516</u>	<u>\$ 36,900</u>

9. Liquidity and Availability of Financial Assets

The following reflects the Society's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor imposed restrictions within one year of the statement of financial position date. Amounts available include donor restricted amounts that are available for general expenditure in the following year.

	<u>2018</u>	<u>2017</u>
Financial Assets, at Year-End:		
Cash and Cash Equivalents	\$ 797,276	\$ 576,215
Accounts Receivable, Net	<u>8,579</u>	<u>21,237</u>
Financial Assets Available to Meet Cash Needs for General Expenses Within One Year	<u>\$ 805,855</u>	<u>\$ 597,452</u>

10. Reclassifications

Certain 2017 amounts have been reclassified to conform to the 2018 financial statement presentation. Net assets are unchanged due to these reclassifications.

St. Tammany Humane Society
Covington, Louisiana
Notes to the Financial Statements (Continued)
For the Years Ended December 31, 2018 and 2017

11. Subsequent Events

Management has evaluated the subsequent events through the date that the financial statements were available to be issued, May 28, 2019. On February 13, 2019, 1 acre of land, valued at \$55,000 was donated to the Society. No additional subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Other Supplemental Information

St. Tammany Humane Society
Covington, Louisiana

Schedule 1

Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2018

Agency Head Name: Scott Bernier, Chief Executive Officer

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits - Health Insurance	-
Benefits - Retirement	-
Deferred Compensation	-
Workers Comp	-
Benefits - Life Insurance	-
Benefits - Long Term Disability	-
Benefits - FICA & Medicare	-
Care Allowance	-
Vehicle Provided by Government	-
Cell Phone	-
Dues	-
Vehicle Rental	-
Per Diem	-
Reimbursements	-
Travel	-
Registration Fees	-
Conference Travel	-
Unvouchered Expenses	-
Meetings & Conventions	-
Other	-
	<u>\$ -</u>

There were no payments for the benefit of the Chief Executive Officer that were derived from the public funds (state and / or local governmental funds and / or federal funds passed through a state or local government agency) that the Society receives.

See independent auditor's report.

St. Tammany Humane Society
Covington, Louisiana
Summary Schedule of Prior Year Findings and Responses
For the Year Ended December 31, 2018

Section II – Financial Statement Findings

2017-001 – Recording of Capital Leases

Condition

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 840-30-25-1 states “the lessee shall recognize a capital lease as an asset and an obligation.” The Society entered into 4 new leases during the year ended December 31, 2017, that were being expensed as operating leases instead of capitalized as required by FASB ASC 840-30-25-1.

Auditor’s Recommendation

Management should perform an assessment of all leases at the time of execution of the lease agreement to determine the appropriate classification between operating and capital leases in order to record each type appropriately.

Status and Planned Corrective Action

Resolved – All leases have been properly classified as operating or capital leases as of December 31, 2018.

Section III – Compliance Findings

2017-002 – Timely Submission of Report (Originated in 2016)

Criteria

The December 31, 2017, audited financial statements were not filed within six months of the close of the fiscal year. Therefore, the Society was not in compliance with Louisiana R.S. 24:513.

Auditor’s Recommendation

In order for the audited financial statements to be remitted within six months of the fiscal year end, we suggest all entries made subsequent to providing the auditor the trial balance be provided to the auditor immediately once posted to the Society’s records along with supporting information for each entry.

Status and Planned Corrective Action

Resolved – Audit submitted to the Legislative Auditor prior to the six-month deadline.

See independent auditor’s report.