

**JEFFERSON SOCIETY FOR THE
PREVENTION OF CRUELTY TO ANIMALS**

FINANCIAL STATEMENTS

For the Years Ended December 31, 2018 and 2017



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Jefferson Society for the Prevention of Cruelty to Animals
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December 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Jefferson Society for the Prevention of Cruelty to Animals
Jefferson, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Jefferson Society for the Prevention of Cruelty to Animals ("JSPCA"), which comprise the statements of financial position as of December 31, 2018 and 2017, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 JSPCA'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 JSPCA'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 JSPCA as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, management has adopted Financial Accounting Standards Board ASU 206-14, Not-for-Profit Entities (Topic 958); this new standard requires changes to be made in how net assets are classified based on Donor restrictions and has added multiple new disclosures. Our opinion is not modified with respect to that matter.

Other Matter

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 13 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2019, on our consideration of JSPCA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of JSPCA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering JSPCA's internal control over financial reporting and compliance.

Caru, Riggs & Ingram, L.L.C.

June 27, 2019

**Jefferson Society for the Prevention of Cruelty to Animals
Statements of Financial Position**

As of December 31,	2018	2017
Assets		
Cash and cash equivalents	\$ 1,145,066	\$ 1,015,702
Accounts receivable	119,334	127,408
Certificate of deposit - current	70,402	-
Prepaid expenses	13,354	-
Total assets	\$ 1,348,156	\$ 1,143,110
Liabilities		
Accounts payable	\$ 24,456	\$ 17,139
Due to Jefferson Parish	106,778	120,791
Deferred revenue	18,019	-
Total liabilities	149,253	137,930
Net assets		
Without donor restrictions	1,198,903	1,005,180
Total net assets	1,198,903	1,005,180
Total liabilities and net assets	\$ 1,348,156	\$ 1,143,110

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

Jefferson Society for the Prevention of Cruelty to Animals
Statements of Activities

For the year ended December 31,	2018	2017
Revenues and support - without donor restrictions		
Program revenues	\$ 782,548	\$ 767,613
Donations and grants	138,346	107,695
Fundraising	-	24,536
Unrealized gain on investment	-	3,948
Dividends and interest	3,522	2,096
Total program and other revenues	924,416	905,888
Net assets released from restrictions	-	-
Total revenues and support	924,416	905,888
Expenses		
Program services	652,937	669,125
Supporting services	77,756	104,668
Total expenses	730,693	773,793
Increase in net assets - without donor restrictions	\$ 193,723	\$ 132,095
Net assets - without donor restrictions		
Beginning of year	1,005,180	873,085
End of year	\$ 1,198,903	\$ 1,005,180

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

**Jefferson Society for the Prevention of Cruelty to Animals
Statement of Functional Expenses**

For the year ended December 31,

2018

	Program Services		Supporting Services		Totals
	Animal Services	Other Programs	Fundraising	Management and General	
Contract services	\$ 380,481	\$ -	\$ -	\$ -	\$ 380,481
Animal shelter	113,886	-	-	-	113,886
Medical	30,422	-	-	-	30,422
Pet Fest expenses	-	-	-	-	-
Payroll	62,592	-	-	29,849	92,441
Contract labor	21,078	-	-	8,512	29,590
Accounting	-	-	-	16,920	16,920
Printing	1,070	375	-	446	1,891
Office supplies	15,867	-	-	12,249	28,116
Insurance	-	-	-	7,661	7,661
Telephone	553	3,750	-	-	4,303
Travel	-	-	-	-	-
Postage and delivery	150	1,428	-	242	1,820
Other	3,343	17,942	29	1,848	23,162
Total	\$ 629,442	\$ 23,495	\$ 29	\$ 77,727	\$ 730,693

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

**Jefferson Society for the Prevention of Cruelty to Animals
Statement of Functional Expenses**

For the year ended December 31,

2017

	Program Services		Supporting Services		Totals
	Animal Services	Other Programs	Fundraising	Management and General	
Contract services	\$ 373,502	\$ -	\$ -	\$ -	\$ 373,502
Animal Shelter	144,197	-	-	-	144,197
Medical	16,122	-	-	-	16,122
Pet Fest expenses	-	-	29,161	-	29,161
Payroll	59,029	-	-	25,487	84,516
Contract labor	13,073	-	-	7,300	20,373
Accounting	-	-	-	16,250	16,250
Printing	1,991	4,583	469	158	7,201
Office supplies	7,237	-	-	15,140	22,377
Insurance	-	-	-	8,315	8,315
Telephone	562	3,750	-	-	4,312
Travel	12	-	-	-	12
Postage and delivery	162	1,977	-	208	2,347
Other	10,949	31,979	29	2,151	45,108
Total	\$ 626,836	\$ 42,289	\$ 29,659	\$ 75,009	\$ 773,793

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

**Jefferson Society for the Prevention of Cruelty to Animals
Statements of Cash Flows**

For the years ended December 31,	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 193,723	\$ 132,095
Gain on investments	-	(3,948)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
(Increase) decrease in accounts receivable	8,074	(1,453)
(Increase) in prepaid expenses	(13,354)	-
Increase in accounts payable	7,317	139
(Decrease) in amount due to Jefferson Parish	(14,013)	(229,527)
Increase in deferred revenues	18,019	-
Net cash provided by (used in) operating activities	199,766	(102,694)
Cash flows from investing activities:		
Proceeds from sale of investments	-	37,729
Purchase of certificate of deposit	(70,402)	-
Net cash provided by (used in) investing activities	(70,402)	37,729
Net increase (decrease) in cash and cash equivalents	129,364	(64,965)
Cash and cash equivalents at beginning of year	1,015,702	1,080,667
Cash and cash equivalents at end of year	\$ 1,145,066	\$ 1,015,702

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

Jefferson Society for the Prevention of Cruelty to Animals

Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Jefferson Society for the Prevention of Cruelty to Animals (“JSPCA”) is a Louisiana not-for-profit corporation. JSPCA was incorporated on July 16, 1970 under the previous legal name of The Jefferson Parish Society for the Prevention of Cruelty to Animals and changed to its current legal name on January 14, 1983.

JSPCA was established to prevent cruelty to animals and to aid in the relief of their suffering, and to promote humane education; to support the Jefferson Parish Animal Shelter; to aid in the return of lost animals to their owners and/or find suitable homes for those animals without owners; to develop and/or support spay/neuter programs; to secure by lawful means the arrest, conviction, and punishment of persons violating animal cruelty and welfare laws; to promote the creation and passage of animal welfare legislation, and to raise contributions and distribute contributions to other not-for-profit organizations organized for similar purposes for which the corporation is organized.

Basis of Accounting

The financial statements are presented on an accrual basis, which recognizes income when earned, and expenses when incurred.

Basis of Presentation

JSPCA reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and revenues and expenses during the period. Actual results could differ from those estimates.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include personnel costs, professional services, office expenses, information technology, and other, which are allocated on the basis of estimates of time and effort.



Jefferson Society for the Prevention of Cruelty to Animals Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, JSPCA considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable represent sales of rabies tags that have not been collected from participating veterinarians. Accounts receivable are stated at the amount management expects to be collected from the outstanding balance. As of December 31, 2018 and 2017, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Certificate of Deposit

The certificate of deposit is stated at cost, which approximates fair value, and has a one year term.

Deferred Revenue

Deferred revenue represents sponsorship and related fees received for JSPCA's annual Pet Fest fundraiser. The event was originally scheduled for 2018, but due to adverse weather conditions was delayed until 2019.

Revenue

Revenue is recognized when earned. Donations are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Donated Services

Donated services are recognized as contributions in accordance with ASC 958 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 by JSPCA. The members of the Board of Directors serve without compensation. Volunteers also provide animal care and fund-raising services throughout the year that are not recognized as contributions in the financial statements since recognition criteria under ASC 958 were not met.

Jefferson Society for the Prevention of Cruelty to Animals

Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Due to Jefferson Parish

Due to Jefferson Parish represents amounts due to the Jefferson Parish Animal Shelter as a result of the cooperative endeavor agreement between JSPCA and Jefferson Parish. See Note 3.

Income Taxes

JSPCA is a not-for-profit organization that is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Code as other than a private foundation. Management believes that all tax positions would be sustained if audited. There were no penalties or interest on income tax positions incurred in 2018 or 2017, but if incurred, they would be classified in the statement of activities as a management and general expense.

Subsequent Events

Subsequent events and transactions have been evaluated by JSPCA for potential recognition or disclosure through June 27, 2019, the date the financial statements were available to be issued.

New Accounting Pronouncement

Effective January 1, 2018, JSPCA adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) no. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. JSPCA has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. As a result, JSPCA determined net assets previously reported as temporarily restricted do not meet the definition of with donor restrictions. Consequently, temporarily restricted net assets of \$463,610 and \$547,816 at January 1, 2017 and December 31, 2017, respectively, have been reclassified as net assets without donor restrictions and \$750,539 of program revenues recognized as temporarily restricted for the year ended December 31, 2017 have been reclassified as without donor restriction. The new standard changes the following aspects of the financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restriction.
- The unrestricted net asset class has been renamed net assets without donor restriction.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 3) and expanded disclosure on expense allocation (Note 1).

Jefferson Society for the Prevention of Cruelty to Animals

Notes to Financial Statements

NOTE 2: LIQUIDITY

The following reflects JSPCA'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.

	2018	2017
Financial assets at year-end	\$ 1,334,802	\$ 1,143,110
Less contractual restriction for shelter	(204,444)	(214,229)
Less contractual restriction for spay/neuter program	(424,484)	(333,587)
Financial assets available to meet cash needs for general expenditure within one year	\$ 705,874	\$ 595,294

NOTE 3: COOPERATIVE ENDEAVOR AGREEMENT

Effective January 1, 2014, Jefferson Parish and the JSPCA entered into a cooperative endeavor agreement for 4 years, whereby the JSPCA would provide services related to creating and administering a spay/neuter program, disposition of rabies vaccinations and license fees, and providing shelter for homeless animals. The agreement requires the Jefferson Parish Rabies License Fees Program to compensate the JSPCA based on \$10 for each altered animal, \$15 for each unaltered animal's vaccinations and license fee, \$25 for each responsible breeder permit, and \$900 from each breeder/dealer permit. The fees shall be used to provide a low cost/no cost, spay/neuter program for Jefferson Parish, reimburse JSPCA for costs associated with the administration of the rabies program and spay/neuter program, and any remaining funds shall be remitted to the Jefferson Parish Animal Shelter as requested by Jefferson Parish. There was \$628,928 and \$547,816 of contractually restricted funds at December 31, 2018 and 2017, respectively. In December 2017, the agreement was extended for an additional four years.

NOTE 4: CONCENTRATION OF CREDIT RISK

JSPCA maintains its cash accounts at several local banks. Accounts at these banks are guaranteed by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA) up to \$250,000. Amounts on deposit at various times through the year exceeded federally insured limit. As of December 31, 2018 and 2017, JSPCA had cash balances of \$21,363 and \$84,720, respectively, in excess of federally insured limits.



**Jefferson Society for the Prevention of Cruelty to Animals
Notes to Financial Statements**

NOTE 5: RELATED PARTY TRANSACTIONS

In 2018 and 2017, the president of the JSPCA Board of Directors provided office space, at no cost, to JSPCA. Based on the location and size of the space provided, it was determined that the value of the space is immaterial and therefore not reflected in the financial statements of JSPCA.

**Jefferson Society for the Prevention of Cruelty to Animals
Schedule of Compensation, Benefits, and Other Payments to Agency Head**

Agency Head Name: Lynn Morvant, President
For the Year Ended December 31, 2018

PURPOSE	AMOUNT
Salary	\$ -
Benefits - insurance	-
Benefits - retirement	-
Uniforms	-
Per diem	-
Reimbursements (A)	-
Travel	-
Fuel usage	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	<hr/>
	\$ -
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Note: No public funds were used related to compensation.



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Jefferson Society for the Prevention of Cruelty to Animals
Jefferson, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Jefferson Society for the Prevention of Cruelty to Animals (“JSPCA”) (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, and have issued our report thereon dated June 27, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered JSPCA’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of JSPCA’s internal control. Accordingly, we do not express an opinion on the effectiveness of JSPCA’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether JSPCA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of JSPCA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering JSPCA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Caru, Riggs & Ingram, L.L.C.

June 27, 2019



**Jefferson Society for the Prevention of Cruelty to Animals
Schedule of Findings and Responses**

SECTION I - SUMMARY OF AUDITORS' RESULTS

1. Type of independent auditors' report	Unmodified
2. Internal control over financial reporting	
a. Material weakness identified	No
b. Significant deficiencies not considered to be material weaknesses	No
c. Noncompliance material to the financial statements noted	No
3. Management letter	No

SECTION II - FINDINGS RELATED TO FINANCIAL STATEMENTS

There were no findings related to the financial statements for the year ended December 31, 2018.

SECTION III - FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS

There were no findings related to compliance and other matters for the year ended December 31, 2018.



**Jefferson Society for the Prevention of Cruelty to Animals
Summary Schedule of Prior Audit Findings**

SECTION I – FINDINGS RELATED TO THE FINANCIAL STATEMENTS

Not applicable.

SECTION II – FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS

Not applicable.

SECTION III – MANAGEMENT LETTER

Not applicable.