

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

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2013**



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**Jefferson Society for the Prevention of Cruelty to Animals**  
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**December 31, 2013**

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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 Statement of Financial Position as of December 31, 2013, and the related Statements of Activities, Functional Expenses and Cash Flows for the year then ended, and the related notes to the financial statements.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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, 2013, 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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2014, 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 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 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.

*Carr, Riggs & Ingram, LLC*

June 18, 2014

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

December 31,	<b>2013</b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 632,057
Grant receivable	50,000
Accounts receivable	2,108
Investment	17,036
<hr/>	
Total assets	\$ 701,201
<hr/> <hr/>	
<b>Net assets:</b>	
Unrestricted	317,433
Temporarily restricted	383,768
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Total net assets	\$ 701,201
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*The accompanying footnotes are an integral part of these financial statements.*

**Jefferson Society for the Prevention of Cruelty to Animals  
Statement of Activities**

For the year ended December 31,	2013		
	Unrestricted	Temporarily Restricted	Total
<b>REVENUES AND SUPPORT:</b>			
Program revenues	\$ 114,461	\$ 548,428	\$ 662,889
Donations and grants	67,603	64,960	132,563
Unrealized gain on investment	1,694	-	1,694
Fundraising	1,079	-	1,079
Miscellaneous	860	-	860
<hr/>			
Total public support and other revenues	185,697	613,388	799,085
<hr/>			
Net assets released from restrictions	507,190	(507,190)	-
<hr/>			
Total revenues and support	692,887	106,198	799,085
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<b>EXPENSES:</b>			
Program services	611,602	-	611,602
Supporting services	52,278	-	52,278
<hr/>			
Total expenses	663,880	-	663,880
<hr/>			
Increase in net assets	29,007	106,198	135,205
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<b>NET ASSETS:</b>			
Beginning of Year	288,426	277,570	565,996
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End of Year	\$ 317,433	\$ 383,768	\$ 701,201
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*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,	Program Services		Supporting Services		2013
	Animal Services	Other Programs	Fundraising	Management and General	Totals
<b>Costs and expenses on a functional basis:</b>					
Contract services	\$ 440,695	\$ -	\$ -	\$ -	\$ 440,695
Animal care	74,728	8,170	-	-	82,898
Payroll	43,513	16,538	-	20,000	80,051
Contract labor	12,760	-	-	4,070	16,830
Accounting	-	-	-	14,165	14,165
Licenses and permits	10,625	-	-	-	10,625
Printing	1,345	-	-	4,310	5,655
Office supplies	-	-	-	5,202	5,202
Insurance	-	-	-	2,900	2,900
Telephone	614	1,414	-	-	2,028
Travel	1,200	-	-	770	1,970
Postage and delivery	-	-	-	360	360
Other	-	-	-	501	501
Total	\$ 585,480	\$ 26,122	\$ -	\$ 52,278	\$ 663,880

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

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

For the year ended December 31,	<b>2013</b>
<b>Cash flows from operating activities:</b>	
Change in net assets	\$ 135,205
Donated investment	(15,342)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Increase in grant receivable	(50,000)
Increase in accounts receivable	(2,108)
<b>Net cash provided by operating activities</b>	<b>67,755</b>
<b>Cash flows from investing activities:</b>	
Increase in investment	(1,694)
<b>Net cash used in investing activities</b>	<b>(1,694)</b>
<b>Net increase in cash and cash equivalents</b>	<b>66,061</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>565,996</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 632,057</b>

*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 AND NATURE OF OPERATIONS

**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.

**Restricted and Unrestricted Revenues and Other Support** – Support from both unrestricted and restricted contributions is recognized on receipt. Support from unrestricted contributions is reported as unrestricted support which increases unrestricted net assets. JSPCA reports contributions of cash and other assets as temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction, where all related expenses are also reported. Donor restricted contributions whose restrictions are met in the same reporting period that they are received are reported as unrestricted support.

**Cash and Cash Equivalents** - For purposes of the Statement 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.

**Investments** – Investments are stated at fair value. There are no donor-restricted investments at December 31, 2013. Gains and losses on investments are reported on the Statement of Activities as increases or decreases in unrestricted net assets. Dividend, interest, and other investment income are reported in the period earned in the Statement of Activities as increases in unrestricted net assets.

JSPCA continually evaluates investments for impairment. Consideration is given to the financial condition and prospects of the issuer, JSPCA’s intent to sell an investment, and the intent and ability to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. If a need to recognize impairment is identified, an amount representing the difference between the fair value of the affected investment and its carrying amount is included in the change in net assets.



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

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS (CONTINUED)

**Contracts and grants receivable** – Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**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. JSPCA's tax filings for the years ended December 31, 2010 through the current year are open to audit under statute of limitations by the Internal Revenue Service. Management believes that all tax positions would be sustained if audited. There were no penalties or interest on income tax positions incurred in 2013, but if incurred, they would be classified in the Statement of Activities as a management and general expense.

**Basis of presentation** – The financial statement presentation follows the requirements of the Financial Accounting Standards Board's Accounting Standards Codification (ASC) 958, *Financial Statements of Not-For-Profit-Organizations*. Under ASC 958, JSPCA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There were no permanently restricted net assets at December 31, 2013.

**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.

**Allocation of expenses** – Administrative expenses are allocated to programs and supporting services by management based on the expenses incurred.

**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.

**Subsequent events** and transactions have been evaluated by JSPCA for potential recognition or disclosure through June 18, 2014, the date the financial statements were available to be issued.

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

### NOTE 2: INVESTMENT

The investment activity for the year ended December 31, 2013, is summarized as follows:

	<b>Total (unrestricted)</b>
Balance beginning of year	\$ -
Donated investments	15,342
Net unrealized appreciation of investments	<u>1,694</u>
Balance end of year	<u>\$ 17,036</u>

During the year, JSCPA received \$388 in dividend income related to the investment.

### NOTE 3: FAIR VALUE MEASUREMENTS

JSPCA discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. Investments are recorded at fair value on a recurring basis. Nonrecurring fair value adjustments, if any, would typically involve donated property, plant, and equipment. There were no material nonrecurring fair value adjustments in 2013. The three levels of the fair value hierarchy are described below:

Level 1 - Quoted market prices in active markets for identical assets at the measurement date.

Level 2 - Observable inputs (market data obtained from independent sources) other than quoted prices for the asset, either directly or indirectly observable, that reflects assumptions market participants would use to price the asset based on market data obtained from sources independent of JSPCA.

Level 3 - Unobservable inputs that reflect JSPCA's own assumptions about the assumptions market participants would use to price an asset based on the best information available in the circumstances.

JSPCA's measurements of fair value are made on a recurring basis, and their valuation techniques for assets and liabilities recorded at fair value are as follows:

Investments – The fair value of investments is the market value based on quoted market prices, when available (Level 1), or market prices provided by recognized broker dealers (Level 2 using a market approach). If listed prices or quoted market prices are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the investment (Level 3 using a market approach).

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

**NOTE 3: FAIR VALUE MEASUREMENTS (CONTINUED)**

The valuation of JSPCA's assets that are measured at fair value on a recurring basis at December 31, 2013, were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Common stock	\$ 17,036	\$ -	\$ -	\$ 17,036

**NOTE 4: TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets were available for the following purposes at December 31:

	<u>2013</u>
Rabies Program	\$ 151,099
Spay/Neuter Program	167,998
PetSmart Charities	51,600
Athena Fund	<u>13,071</u>
	<u>\$ 383,768</u>

**NOTE 5: COOPERATIVE ENDEAVOR AGREEMENT**

Effective January 1, 2012, the Jefferson Parish Council (the "Council") and the JSPCA entered into a cooperative endeavor agreement for 2 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 Council 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 for each breeder/dealer permit. JSPCA received \$548,428, in temporarily restricted revenue from the Council during the year ended December 31, 2013. All restricted funds are kept in separate bank accounts until released from restriction. There was \$507,190 of temporarily restricted net assets released for general operations of JSPCA for the year ended December 31, 2013. In January 2014, JSPCA signed a cooperative endeavor agreement with the council. The new agreement will last until January 2018.

**NOTE 6: CONTRACT SERVICE AGREEMENT**

As part of the cooperative endeavor agreement, JSPCA entered into a contract service agreement with a program director to manage and direct the day-to-day administrative and organizational functions associated with programs and purposes of JSPCA in the amount of \$43,600 annually. The agreement may be terminated by either party upon seven (7) days written notice.



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

**NOTE 7: COMMITMENTS AND CONTINGENCIES**

JSPCA maintained cash accounts at local banks during 2013. The Federal Deposit Insurance Corporation provides insurance coverage under defined limits. At various times in 2013, JSPCA had funds on deposit at these entities which were in excess of the insured amount.

**NOTE 8: RELATED PARTY TRANSACTIONS**

In 2013, JSPCA maintained cash accounts with a financial institution which employed a Board member. The president of the JSPCA provides office space to JSPCA at no cost to JSPCA.

**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**

**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, 2013, 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 18, 2014.

**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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain

deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies, 2013-1, 2013-2 and 2013-3.

### **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*.

### **JSPCA's Response to Findings**

JSPCA's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. JSPCA's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.

*Carr, Riggs & Ingram, LLC*

June 18, 2014

# Jefferson Society for the Prevention of Cruelty to Animals

## Schedule of Findings and Questioned Costs

### A. SUMMARY OF AUDITOR'S RESULTS

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

### B. FINDINGS RELATED TO FINANCIAL STATEMENTS

#### 2013-01: Assistance in Drafting Financial Statements

**Classification:** Significant Deficiency

**Criteria:** Professional standards state that it is a strong indication of a significant deficiency in internal control if the entity has ineffective controls over the preparation of their financial statements, such that the entity controls are absent or controls are not effective in preventing or detecting material misstatements in the preparation of the financial statements, including the related footnotes.

**Condition:** The auditor assisted with drafting the financial statements, including the related footnotes, though the auditor is not responsible for establishing or maintaining internal controls over the preparation of the financial statements.

**Cause:** JSPCA does not have the expertise to prepare financial statements in accordance with accounting principles generally accepted in the United States of America.

**Effect:** The financial statements could be materially misstated.

#### 2013-02: Segregation of Duties

**Classification:** Significant Deficiency

**Criteria:** Professional standards state that a good system of internal controls provides for a proper segregation of the accounting functions.

**Condition:** Payroll is entered and submitted bi-weekly by one employee without the approval of management or the Board of Directors.



## Jefferson Society for the Prevention of Cruelty to Animals Schedule of Findings and Questioned Costs

**Cause:** JSPCA has not implemented a process for approving payroll.

**Effect:** Payroll processing could be materially misstated and may not agree to the approved salaries.

**2013-03:** Timely Recordkeeping

**Classification:** Significant Deficiency

**Criteria:** Professional standards state that expenses should be recorded in the period that they are incurred.

**Condition:** Checks are not recorded in the check register on a timely basis.

**Cause:** JSPCA is recording the check dates to coincide with the date the expenses are incurred.

**Effect:** Cash may be materially misstated.

### **C. FINDINGS AND QUESTIONED COSTS TO MAJOR FEDERAL AWARD PROGRAMS.**

Not applicable.



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

**SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS COMPLIANCE**

Not applicable.

**SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS**

Not applicable.

**SECTION III – MANAGEMENT LETTER**

Not applicable.



## Jefferson Society for the Prevention of Cruelty to Animals Corrective Action Plan

### **FINDING 2013-01**

#### Management's Response:

Management concurs with this finding. Due to the size of JSPCA, the expertise required to prepare GAAP basis financial statements has been difficult. Management intends to obtain training in financial statement preparation during 2014 and to be implemented by December 31, 2015.

### **FINDING 2013-02**

#### Management's Response:

Management concurs with this finding. The President will approve payroll on a biweekly basis and the Board of Directors will review payroll reports monthly.

### **FINDING 2013-03**

#### Management's Response:

Management concurs with this finding. Management intends to record expenses in the period incurred going forward.