

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

**CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2014 AND 2013**



**CRI** CARR  
RIGGS &  
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**Louisiana Society for the Prevention of Cruelty to Animals**  
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**December 31, 2014**

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**To the Board of Directors  
Louisiana Society for the Prevention of Cruelty to Animals  
New Orleans, Louisiana**

**Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Louisiana Society for the Prevention of Cruelty to Animals (LASPCA), which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of activities, statements of functional expense, 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the LASPCA as of December 31, 2014 and 2013, 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.

## **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of compensation, benefits on page 20 is, as required by Louisiana Revised Statute 24:513(A)(3), and the schedule of expenditures of federal awards on page 25, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 May 19, 2015, on our consideration of the LASPCA'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 the LASPCA's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, LLC*

May 19, 2015

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

For the year ended December 31,	2014	2013
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 2,702,179	\$ 3,507,079
Certificates of deposit, including interest receivable	-	256,116
City contract receivable	307,740	153,870
Federal grant receivable	719,812	963,390
Current unconditional promises to give, net	298,472	224,372
Medical supplies	109,753	125,261
Prepaid expenses	134,330	85,896
Total current assets	4,272,286	5,315,984
<b>Investments:</b>		
Endowment fund	9,377,932	8,264,916
Other investments	4,067,340	5,433,451
Total investments	13,445,272	13,698,367
<b>Property and equipment:</b>		
Land	963,127	963,127
Buildings	7,341,586	7,341,586
Equipment	2,424,185	2,347,970
Furniture and fixtures	418,413	307,294
Construction in progress	12,191,897	2,625,236
Total	23,339,208	13,585,213
Less accumulated depreciation	(3,908,211)	(3,529,974)
Net property and equipment	19,430,997	10,055,239
<b>Other assets:</b>		
Non-current unconditional promises to give, net	315,567	459,114
Property held for sale	45,000	1,140,000
Deposits	5,175	5,810
Total other assets	365,742	1,604,924
Total assets	\$ 37,514,297	\$ 30,674,514

(continued)

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

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

For the year ended December 31,	2014	2013
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 1,069,059	\$ 848,058
Accrued salaries and related expenses	393,195	360,916
Total current liabilities	1,462,254	1,208,974
<b>Net assets:</b>		
Unrestricted	22,082,119	15,179,102
Unrestricted - Board designated	9,377,932	8,264,916
Temporarily restricted	4,591,992	6,021,522
Total net assets	36,052,043	29,465,540
Total liabilities and net assets	\$ 37,514,297	\$ 30,674,514

(concluded)

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

**Louisiana Society for the Prevention of Cruelty to Animals**  
**Consolidated Statement of Activities**

<b>For the year ended December 31, 2014</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>REVENUES AND SUPPORT:</b>			
City contract	\$ 1,846,440	\$ -	\$ 1,846,440
Bequests	256,841	-	256,841
Federal sources	6,685,251	-	6,685,251
Donations and contributions	729,692	869,068	1,598,760
Service fees	2,211,001	7,245	2,218,246
Retail	403,174	-	403,174
Investment income	80,634	-	80,634
Gain on disposal of property	44,291	-	44,291
<b>Total Public Support and Other Revenues</b>	<b>12,257,324</b>	<b>876,313</b>	<b>13,133,637</b>
<b>Net Assets Released from Restrictions</b>	<b>2,305,843</b>	<b>(2,305,843)</b>	<b>-</b>
<b>Total Revenues and Support</b>	<b>14,563,167</b>	<b>(1,429,530)</b>	<b>13,133,637</b>
<b>EXPENSES:</b>			
Program services:			
Animal services	3,148,619	-	3,148,619
Clinic	1,524,064	-	1,524,064
Other programs	949,779	-	949,779
Supporting services:			
Fundraising	755,953	-	755,953
Management and general	168,720	-	168,720
<b>Total Expenses</b>	<b>6,547,134</b>	<b>-</b>	<b>6,547,134</b>
<b>INCREASE (DECREASE) IN NET ASSETS:</b>	<b>8,016,033</b>	<b>(1,429,530)</b>	<b>6,586,503</b>
Net Assets, Beginning of Year	23,444,018	6,021,522	29,465,540
Net Assets, End of Year	\$ 31,460,051	\$ 4,591,992	\$ 36,052,043

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

## Louisiana Society for the Prevention of Cruelty to Animals Consolidated Statement of Activities

For the year ended December 31, 2013	Unrestricted	Temporarily Restricted	Total
<b>REVENUES AND SUPPORT:</b>			
City contract	\$ 1,846,440	\$ -	\$ 1,846,440
Bequests	1,559,896	-	1,559,896
Federal sources	963,390	-	963,390
Donations and contributions	892,508	1,442,470	2,334,978
Service fees	2,130,030	105,776	2,235,806
Retail	414,259	-	414,259
Investment income	1,235,694	-	1,235,694
Total Public Support and Other Revenues	9,042,217	1,548,246	10,590,463
Net Assets Released from Restrictions	3,503,997	(3,503,997)	-
Total Revenues and Support	12,546,214	(1,955,751)	10,590,463
<b>EXPENSES:</b>			
Program services:			
Animal services	3,119,260	-	3,119,260
Clinic	1,434,816	-	1,434,816
Other programs	935,380	-	935,380
Supporting services:			
Fundraising	721,095	-	721,095
Management and general	366,832	-	366,832
Total Expenses	6,577,383	-	6,577,383
<b>INCREASE IN NET ASSETS:</b>	5,968,831	(1,955,751)	4,013,080
Net Assets, Beginning of Year	17,475,187	7,977,273	25,452,460
Net Assets, End of Year	\$ 23,444,018	\$ 6,021,522	\$ 29,465,540

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

## Louisiana Society for the Prevention of Cruelty to Animals Consolidated Statements of Cash Flows

For the years ended December 31,	2014	2013
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 6,586,503	\$ 4,013,080
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	393,171	430,754
Accretion of net discount on unconditional promises to give	31,755	28,677
Net realized and unrealized (gain) loss on investments	304,351	(913,111)
Net loss (gain) on disposition of property	(44,291)	67,168
Bad debt expense	17,539	134,874
Donated property held for sale	-	(1,365,000)
Decrease (increase) in certificates of deposit	256,116	260,454
Decrease (increase) in city contract receivable	(153,870)	171,282
Decrease (increase) in federal grant receivable	243,578	(963,390)
Decrease (increase) in unconditional promises to give	20,153	(669,459)
Decrease (increase) in prepaid expenses	(48,434)	21,635
(Increase) in medical supplies	15,508	(48,579)
Decrease in deposits	635	1,575
(Increase) decrease in accounts payable	(736)	679,985
Increase in accrued salaries and expenses	32,279	65,909
<b>Net cash provided by operating activities</b>	<b>7,654,257</b>	<b>1,915,854</b>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(9,534,101)	(2,024,779)
Net proceeds from the sale of property	31,200	277,432
Disposal of property held for sale	1,095,000	-
Purchases of investments	(51,256)	(111,952)
Proceeds from the maturity and sale of investments	-	1,081,163
<b>Net cash used in investing activities</b>	<b>(8,459,157)</b>	<b>(778,136)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(804,900)</b>	<b>1,137,718</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>3,507,079</b>	<b>2,369,361</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 2,702,179</b>	<b>\$ 3,507,079</b>
<b>Supplemental disclosure of cash flow information -</b>		
FEMA funds received included in operating activities	\$ 6,928,829	\$ -
Interest paid	\$ 911	\$ 28
<b>Supplemental disclosure of non cash investing activities -</b>		
Construction expenditures included in accounts payable	\$ 901,072	\$ 679,335
Donated property held for sale	\$ -	\$ 1,365,000

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

## Louisiana Society for the Prevention of Cruelty to Animals Consolidated Statement of Functional Expenses

For the year ended December 31, 2014	Program Services			Supporting Services		Totals
	Animal Services	Clinic	Other Programs	Fundraising	Management and General	
<b>Costs and expenses on a functional basis:</b>						
Salaries	\$ 1,572,095	\$ 531,052	\$ 516,651	\$ 216,344	\$ 29,607	\$ 2,865,749
Depreciation	277,913	108,419	666	5,762	410	393,171
Feed/medical supplies	126,965	242,361	2,882	-	-	372,208
Retail	18,103	295,135	195	-	-	313,433
General insurance	185,037	70,200	20,638	19,116	1,729	296,720
Hospitalization	169,486	50,968	36,782	18,327	2,174	277,736
Vet care	102,868	80,067	88,720	-	-	271,655
Payroll taxes	118,085	40,160	35,540	15,826	2,177	211,788
Printing and stationery	4,946	2,151	4,676	145,926	9	157,709
Equipment rental	13,092	234	42,232	96,631	4	152,193
Utilities	126,875	13,950	2,569	1,056	99	144,549
Office and cleaning supplies	95,119	16,688	25,931	5,767	531	144,036
Miscellaneous	22,397	6,840	37,652	56,985	659	124,533
Contract labor	10,051	1,531	58,375	47,941	190	118,088
Investment management fee	-	-	-	-	106,621	106,621
Professional services	40,460	25,803	8,052	24,415	979	99,710
Maintenance/repairs - equipment	53,265	16,061	1,405	1,095	99	71,926
Postage	4,858	1,207	1,322	56,316	49	63,751
Animal care supplies	37,703	876	5,535	670	-	44,784
Telephone	25,727	5,978	8,090	3,145	411	43,352
Computer	15,105	5,829	5,866	14,502	145	41,446
Maintenance/repairs - building	39,107	1,033	751	11	18	40,921
Travel and training	21,710	3,358	12,551	1,923	671	40,214
Advertising	4,605	3,980	7,367	18,699	3,980	38,633
Maintenance/repairs - vehicles	10,164	-	18,177	-	-	28,341
Hurricane evacuation	25,338	-	-	-	-	25,338
Bad debt expense	-	-	-	-	17,539	17,539
Retirement plan	8,648	1,639	1,844	1,605	350	14,087
Uniforms	8,762	821	711	178	11	10,483
Dues and subscriptions	3,209	562	1,351	1,241	60	6,422
Meals and meetings	1,724	(402)	2,427	987	185	4,921
Licenses and permits	3,239	(2,855)	802	1,480	1	2,667
Interest	1,050	419	16	6	9	1,500
Small tools	911	-	-	-	-	911
<b>Total expenses</b>	<b>\$ 3,148,619</b>	<b>\$ 1,524,064</b>	<b>\$ 949,779</b>	<b>\$ 755,953</b>	<b>\$ 168,720</b>	<b>\$ 6,547,134</b>

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

## Louisiana Society for the Prevention of Cruelty to Animals Consolidated Statement of Functional Expenses

For the year ended December 31, 2013	Program Services			Supporting Services		Totals
	Animal Services	Clinic	Other Programs	Fundraising	Management and General	
<b>Costs and expenses on a functional basis:</b>						
Salaries	\$ 1,480,706	\$ 494,299	\$ 361,117	\$ 227,342	\$ 21,390	\$ 2,584,854
Depreciation	308,200	107,870	7,407	3,644	3,633	430,754
Retail	157,875	174,550	7,802	-	-	340,227
General insurance	213,286	62,582	35,562	8,247	928	320,605
Promotional activities/retail	(10,268)	304,531	701	300	-	295,264
Hospitalization	186,525	41,812	27,562	18,435	1,554	275,888
Contract labor	6,816	6,664	196,797	49,567	442	260,286
Vet care	102,020	88,041	67,845	-	-	257,906
Printing and stationery	6,555	3,506	14,466	165,476	28	190,031
Payroll taxes	111,579	35,403	25,192	15,203	1,578	188,955
Office and cleaning supplies	94,027	15,584	25,911	6,604	353	142,479
Bad debt expense	-	-	-	-	134,874	134,874
Utilities	117,562	10,606	2,267	937	70	131,442
Equipment rental	7,944	177	50,294	71,188	2	129,606
Investment management fee	-	-	-	-	114,753	114,753
Professional services	38,956	27,265	16,641	24,313	685	107,860
Miscellaneous	19,289	6,019	20,910	43,754	410	90,382
Loss on disposition of property	-	-	-	-	77,439	77,439
Maintenance/repairs - equipment	39,637	12,087	1,053	6,487	50	59,314
Computer	16,560	14,285	9,906	12,335	1,630	54,715
Advertising	23,019	5,322	5,939	14,009	5,172	53,462
Maintenance/repairs - vehicles	30,532	-	21,599	-	-	52,131
Postage	6,056	2,077	1,440	40,813	42	50,427
Telephone	24,966	6,437	6,309	3,275	332	41,320
Animal care supplies	28,866	2,322	8,342	-	-	39,530
Travel and training	13,711	5,367	14,850	4,378	1,130	39,435
Maintenance/repairs - building	37,682	126	778	21	1	38,609
Hurricane evacuation	23,335	-	-	-	-	23,335
Retirement plan	10,528	3,085	1,346	1,925	246	17,131
Uniforms	14,078	1,437	504	26	27	16,072
Licenses and permits	5,627	1,985	61	2,325	3	10,001
Dues and subscriptions	1,050	419	16	6	9	1,500
Meals and meetings	1,394	956	2,766	483	52	5,651
Small tools	1,117	-	-	-	-	1,117
Interest	28	-	-	-	-	28
<b>Total expenses</b>	<b>\$ 3,119,260</b>	<b>\$ 1,434,816</b>	<b>\$ 935,380</b>	<b>\$ 721,095</b>	<b>\$ 366,832</b>	<b>\$ 6,577,383</b>

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

# Louisiana Society for the Prevention of Cruelty to Animals

## Notes to Financial Statements

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

#### **Organization**

Louisiana Society for the Prevention of Cruelty to Animals (the "LASPCA") is chartered in the State of Louisiana as a not-for-profit organization. LASPCA is classified as "not a private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. It is 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. LASPCA operates an animal shelter, veterinary clinic, rabies program, provides humane education and public relation services to the local community, and provides animal control services for the City of New Orleans.

#### **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, LASPCA 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, 2014 or 2013.

Support from both unrestricted and restricted contributions is recognized either on receipt or upon receiving an unconditional pledge or promise to give from a donor. Support from unrestricted contributions is reported as unrestricted support which increases unrestricted net assets. LASPCA 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.

LASPCA reports contributions of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire or improve long-lived assets are reported as restricted supports. Absent explicit donor stipulations about how long those long-lived assets must be maintained, LASPCA reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

#### **Principles of Consolidation**

The consolidated financial statements include the accounts of LASPCA and its subsidiary LA/SPCA Holdings, LLC and Louisiana SPCA Foundation, Inc. (Foundation). All significant intercompany transactions have been eliminated in consolidation.

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

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

***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 LASPCA. 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.

***Promises to give***

Unconditional promises to give are recognized as revenues in the period the pledge is received. The pledges are recorded at the net present value of estimated future cash flows using an appropriate discount rate. Additionally, LASPCA evaluates the collectability of pledges receivable and provides for an allowance when appropriate. Conditional promises to give are recognized as revenues only when the conditions attached to the pledge are substantially met.

***Investments***

Investments are stated at fair value. There are no donor-restricted investments at December 31, 2014 or 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.

***Property and equipment***

Buildings are being depreciated over their estimated useful lives of 40 years using the straight-line method of depreciation. Equipment and furniture are depreciated over their estimated useful lives which range from 2 to 7 years using the straight-line method of depreciation. Depreciable assets are valued at cost if purchased or fair value if contributed. It is LASPCA's policy to capitalize assets costing \$1,000 or more. Depreciation expense for the year ended December 31, 2014 and 2013 was \$393,171 and \$430,754, respectively.

***Compensation for future absences***

LASPCA has accrued compensation for future absences. LASPCA's vacation policy is that when proper notice of resignation or termination is given the employee will be paid for accumulated vacation. Sick leave may be carried over to the next year, but LASPCA does not compensate for accumulated sick leave time upon termination of employment. Accrued compensated absences as of December 31, 2014 and 2013 was \$232,447 and \$223,368, respectively.

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

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

***Income taxes***

LASPCA and Foundation are exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. There was no income tax on unrelated business income accrued in 2014 or 2013. Management believes that all tax positions would be sustained if audited. There were no penalties or interest on income tax positions incurred in 2014 or 2013, but, if incurred, they would be classified in the statement of activities as a management and general expense.

LASPCA's tax filings for the years ended December 31, 2011 through the current year are open to audit under statute of limitations by the Internal Revenue Service.

***Inventory***

Inventory is valued at FIFO and consists of medical and retail supplies which are recorded as expenditures when consumed.

***Endowment Fund***

In 2008, the Financial Accounting Standards Board issued FASB Staff Position No. FAS 117-1 (now ASC 958), *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*. ASC 958 provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). It also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to Uniform Prudent Management of Institutional Funds Act (UPMIFA) (see note 3).

In 2010, the State of Louisiana adopted UPMIFA. LASPCA did not have any donor-restricted endowment funds during 2014 or 2013.

***Allocation of expenses***

Indirect overhead and administrative expenses are allocated to programs and supporting services by management based on the number of employees in the corresponding departments.

***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.



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

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

Significant estimates used in preparing these financial statements are the computation of the allowance for uncollectible promises to give and the fair value of investments. Because of the inherent uncertainties in determining these estimates, it is at least reasonably possible that the estimates used will change within the next year.

***Cash and cash equivalents***

For purposes of the statement of cash flows, LASPCA considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents do not include cash and money funds that are included with investments.

***Advertising costs***

Advertising costs are expensed in the period incurred. No costs are capitalized.

***Contracts and grants receivable policies***

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

***Reclassifications***

Certain amounts in the 2013 financial statements have been reclassified to conform to the 2014 presentation.

***Subsequent events***

LASPCA has evaluated subsequent events through May 19, 2015, the date the financial statements were available to be issued.

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

**NOTE 2: INVESTMENTS**

Investments consist of the following amounts by major types as of December 31, 2014:

	<b>Endowment</b>	<b>Other Investments</b>	<b>Total</b>
Cash and money fund accounts	\$ 648,558	\$ 1,158,194	\$ 1,806,752
Equities	4,698,216	-	4,698,216
Mutual funds	4,031,158	2,909,146	6,940,304
<b>Total investments</b>	<b>\$ 9,377,932</b>	<b>\$ 4,067,340</b>	<b>\$ 13,445,272</b>

Investments consist of the following amounts by major types as of December 31, 2013:

	<b>Endowment</b>	<b>Other Investments</b>	<b>Total</b>
Cash and money fund accounts	\$ 618,619	\$ 1,371,601	\$ 1,990,220
Equities	4,617,002	10,185	4,627,187
Mutual funds	3,029,295	4,051,665	7,080,960
<b>Total investments</b>	<b>\$ 8,264,916</b>	<b>\$ 5,433,451</b>	<b>\$ 13,698,367</b>

Investment income consists of the following:

For the years ended December 31,	<b>2014</b>	2013
Dividends/interest	<b>\$ 384,985</b>	\$ 189,676
Net realized and unrealized gains (loss) on investments	<b>(304,351)</b>	1,046,018
<b>Total</b>	<b>\$ 80,634</b>	<b>\$ 1,235,694</b>

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

**NOTE 3: ENDOWMENT FUND**

In 1987, the Board of Directors approved the establishment of discretionary trusts for the preservation and management of such specific funds received by LASPCA. These funds are currently being administered by investment management through Crescent Capital Consulting, LLC and Charles Schwab Institutional. A resolution of the Board of Directors limits the use of endowment funds, but allows funds to be used for operating purposes, with approval of the Board of Directors. These assets are unrestricted. The resolutions of the Board of Directors are voluntary, self-imposed limits; therefore, the income is recorded in LASPCA's other operating revenue. These assets are presented on the consolidated statement of financial position as unrestricted Board designated net assets.

Endowment Investment Spending Policies – LASPCA's investment spending policy is that all income earned on the Board designated endowment fund is to be reinvested and used for operating purposes, with the approval of the Board of Directors.

Endowment Investment Policies – LASPCA's investment policy is that all endowed funds will be maintained and managed by management within their investment pool and in accordance with their investment policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term.

Changes in unrestricted net assets that are board designated as an endowment for the year ended December 31, 2014 consists of the following:

For the years ended December 31,	2014	2013
Unrestricted Net Assets, Board Designated Endowment,		
Beginning of Year	\$ 8,264,916	\$ 7,393,748
Contributions/Withdrawals, net	1,150,880	(174,591)
Dividends and Interest	234,713	189,676
Realized Gain	415,153	179,088
Net Unrealized Gain (Loss)	(687,730)	676,998
Unrestricted Net Assets, Board Designated Endowment,		
End of Year	\$ 9,377,932	\$ 8,264,916

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

**NOTE 4: PROMISES TO GIVE**

Unconditional promises to give consist of the following at December 31:

December 31,	2014	2013
Amounts due in less than one year	\$ 314,472	\$ 224,372
Amounts due in one to five years	347,322	489,330
Amounts due in greater than five years	-	-
Total unconditional promises to give	661,794	713,702
Less: allowance for uncollectible pledges	(16,000)	-
Less: discount to net present value	(31,755)	(30,216)
<b>Net unconditional promises to give</b>	<b>\$ 614,039</b>	<b>\$ 683,486</b>

Included in the accompanying statement of financial position under the following captions:

December 31,	2014	2013
Current unconditional promises to give, net	\$ 298,472	\$ 224,372
Non-current unconditional promises to give, net	315,567	459,114
<b>Total unconditional promises to give</b>	<b>\$ 614,039</b>	<b>\$ 683,486</b>

The discount rate used on long-term promises to give was 4.25% at December 31, 2014 and 2013.

LASPCA has received an unconditional, unrestricted, multiple year pledge in perpetuity of only the income from a \$200,000 bequest from an estate to The Greater New Orleans Foundation. The fair value of this income cannot be reasonably estimated as it is under the control of The Greater New Orleans Foundation, which is an unrelated non-profit organization. As such, this pledge is not included in the above total.

**NOTE 5: TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets were available for the following purposes:

December 31,	2014	2013
Building – restricted	\$ 4,001,066	\$ 5,620,971
Rabies tag program	-	105,776
Equipment	250,000	-
Other- various	340,926	294,775
<b>Total temporarily restricted net assets</b>	<b>\$ 4,591,992</b>	<b>\$ 6,021,522</b>

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

**NOTE 5: TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)**

Included in "other" are individually temporarily restricted items ranging from approximately \$50 to \$60,000 at December 31, 2014 and \$400 to \$29,000 at December 31, 2013.

**NOTE 6: RELEASE OF TEMPORARILY RESTRICTED NET ASSETS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes. Purpose restrictions accomplished were \$2,305,843 and \$3,503,997 in 2014 and 2013.

**NOTE 7: RETIREMENT PLAN**

LASPCA has a 401(k) type profit sharing plan for all eligible employees. Employees are eligible to participate in the plan if they have been employed by LASPCA for one year. LASPCA will make matching contributions in an amount equal to 50% of such contributing participant's elective deferral which does not exceed 6% of the participant's compensation. Employer contributions for 2014 and 2013 were \$14,087 and \$17,131.

**NOTE 8: RELATED PARTY TRANSACTIONS**

In 2014, LASPCA maintained cash accounts with a financial institution which employed a Board member. LASPCA's investment manager at Crescent Capital Consulting is the brother of a Board member.

**NOTE 9: CONCENTRATIONS**

LASPCA received 15% and 20% of its unrestricted revenue from its animal control contract with the City of New Orleans for the year ended December 31, 2014 and 2013, respectively. The effects of a significant reduction in the level of this revenue on LASPCA's programs and activities, if this were to occur, has not been determined.

LASPCA maintained cash accounts at local banks during 2014 and 2013. The Federal Deposit Insurance Corporation provides insurance coverage under defined limits. As of December 31, 2014 and 2013, LASPCA had \$3,039,243 and \$2,767,622 in uninsured deposits, respectively.

**NOTE 10: FAIR VALUE MEASUREMENTS**

LASPCA 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 2014 and 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.

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

**NOTE 10: FAIR VALUE MEASUREMENTS (CONTINUED)**

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

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

For assets that are measured at fair value on a recurring basis in periods after initial recognition, there were no transfers between Level 1 and 2, or transfers into and out of Level 3 in 2013 or 2014. If such transfers were to occur, they would be recognized as of the actual date of the event.

LASPCA's measurements of fair value are made on a recurring basis, and their valuation techniques (no changes in 2013 or 2014) for assets and liabilities recorded at fair value are as follows:

Mutual Funds – Valued at the net asset value of shares on the last trading day of the final year, which is the basis of transactions at that date.

Equities – Valued at the quoted market price of shares on the last trading day of the year. The preceding method described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the LASPCA believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The valuation of LASPCA's assets that are measured at fair value on a recurring basis at December 31, 2014, were as follows:

	Level 1	Level 2	Level 3	Fair Value
<b>Endowment Fund:</b>				
Cash and money fund accounts	\$ 648,558	\$ -	\$ -	\$ 648,558
Equities	4,698,215	-	-	4,698,215
Mutual funds	4,031,159	-	-	4,031,159
<b>Other investments:</b>				
Cash and money fund accounts	1,158,194	-	-	1,158,194
Equities	-	-	-	-
Mutual funds	2,909,146	-	-	2,909,146
	<b>\$ 13,445,272</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,445,272</b>

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

**NOTE 10: FAIR VALUE MEASUREMENTS (CONTINUED)**

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

	Level 1	Level 2	Level 3	Fair Value
<b>Endowment Fund:</b>				
Cash and money fund accounts	\$ 618,619	\$ -	\$ -	\$ 618,619
Equities	4,617,002	-	-	4,617,002
Mutual funds	3,029,295	-	-	3,029,295
<b>Other investments:</b>				
Cash and money fund accounts	1,371,601	-	-	1,371,601
Equities	10,185	-	-	10,185
Mutual funds	4,051,665	-	-	4,051,665
	\$ 13,698,367	\$ -	\$ -	\$ 13,698,367

**NOTE 11: NON-CURRENT ASSETS HELD FOR SALE**

For the years ended December 31,	2014	2013
Japonica land	\$ 45,000	\$ 45,000
Land and buildings	-	1,095,000
<b>Total</b>	<b>\$ 45,000</b>	<b>\$ 1,140,000</b>

In 2013, LASPCA received a donation of five properties located in the City of New Orleans. The LASPCA sold one property in 2013 and four properties in 2014. The Japonica land has been vacant since 2005 and LASPCA has determined it is no longer needed for operations and fully intends to sell the property.

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

Ana Zorilla, CEO

For the year ended December 31, **2014**

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Salary	\$	<b>99,301</b>
Benefits- insurance		<b>4,453</b>
Car allowance		<b>6,000</b>
Cell phone		<b>960</b>
Dues (NORLI)		<b>100</b>
Conferences		<b>4,237</b>

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**Cash and cash equivalents at end of year** **\$ 115,051**

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

**INDEPENDENT AUDITOR’S 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  
Louisiana Society for the Prevention of Cruelty to Animals  
New Orleans, 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 consolidated financial statements of Louisiana Society for the Prevention of Cruelty to Animals (LASPCA), which comprise the consolidated statement of financial position as of December 31, 2014, and the related consolidated statements of activities, statements 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 May 19, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered LASPCA’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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of LASPCA’s internal control. Accordingly, we do not express an opinion on the effectiveness of LASPCA’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

*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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness, **2014-001**.

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.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether LASPCA's consolidated 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*.

#### **LASPCA's Response to Findings**

LASPCA's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. LASPCA's response was not subjected to the auditing procedures applied in the audit of the consolidated 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 LASPCA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LASPCA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Carr, Riggs & Ingram, LLC*

May 19, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

**To the Board of Directors  
Louisiana Society for the Prevention of Cruelty to Animals  
New Orleans, Louisiana**

**Report on Compliance for Each Major Federal Program**

We have audited Louisiana Society for the Prevention of Cruelty to Animals (the "LASPCA") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of LASPCA's major federal programs for the year ended December 31, 2014. LASPCA's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of LASPCA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about LASPCA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of LASPCA's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, LASPCA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

### **Report on Internal Control Over Compliance**

Management of the LASPCA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered LASPCA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the LASPCA's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Carr, Riggs & Ingram, LLC*

May 19, 2015

**Louisiana Society for the Prevention of Cruelty to Animals**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2014**

DESCRIPTION	CFDA NUMBER	GRANT NUMBER	TOTAL GRANT AWARD	FEDERAL EXPENDITURES
<b>DEPARTMENT OF HOMELAND SECURITY</b>				
Pass through the State of Louisiana				
Governor's Office of Homeland Security and Emergency:				
FEMA- Disaster Recovery- Public Assistance	97.036	1603-DR-LA	\$ 7,965,166	\$ 6,305,389
<b>TOTAL DEPARTMENT OF HOMELAND SECURITY</b>				<b>6,305,389</b>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>				<b>\$ 6,305,389</b>

*The accompanying footnotes are an integral part of the Schedule of Federal Awards.*

**Louisiana Society for the Prevention of Cruelty to Animals  
Notes to Schedule of Expenditure of Federal Awards**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when LASPCA has met the qualifications for the respective grants.

**NOTE 2: AMOUNTS RECEIVED FOR EXPENDITURES IN A PRIOR YEAR**

Revenue was received from the following grant program for amounts expended in prior years:

Grant	CFDA #	Revenue Recognized	2014 Federal Expenses	Prior Year Federal Expenditures approved in 2014
FEMA- Disaster Recovery- Public Assistance	97.036	\$ 6,685,251	\$ 6,305,389	\$ 379,862

**Louisiana Society For The Prevention Of Cruelty To Animals  
Schedule Of Findings and Questioned Costs  
For the Year Ended December 31, 2014**

**A. SUMMARY OF AUDIT RESULTS**

1. The independent auditors' report expresses an unmodified opinion on the financial statements of LASPCA.
2. One (1) material weakness was disclosed during the audit of the financial statements and is reported in the *Independent Auditor's 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. (2014-001)*
3. No instances of noncompliance material to the financial statements of LASPCA, which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No control deficiencies were disclosed relating to the audit of the major federal award programs.
5. *The Independent Auditors' Report on Compliance for each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133* dated May 19, 2015 expressed an unmodified opinion.
6. No audit findings that were required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs were:

	<u>CFDA No.</u>
FEMA- Disaster Recovery- Public Assistance	97.036
8. The threshold for distinguishing between Type A and Type B programs was \$300,000.
9. LASPCA qualified as a low-risk auditee as that term is defined in OMB Circular A-133.

**Louisiana Society For The Prevention Of Cruelty To Animals  
Schedule Of Findings and Questioned Costs  
For the Year Ended December 31, 2014**

**B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

**2014-001: Accrual Accounting**

**Criteria:** In accordance with Generally Accepted Accounting Principles, all revenue should be recognized when earned regardless of timing of related cash flows.

**Condition:** There were no FEMA grant compliance findings; however, we noted the LASPCA did not record a receivable owed to them from the Disaster Grants- Public Assistance Program after expenditures had been spent during the 2014 fiscal year.

**Cause:** The accounting error primarily occurred since the outstanding reimbursements have not been collected as of the start of the audit.

**Effect:** Accounts receivable and federal revenue were materially understated.

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

There were no findings required to be reported in this section.



**Louisiana Society For The Prevention Of Cruelty To Animals  
Summary Schedule Of Prior Year Findings**

**SECTION I – FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

**MATERIAL WEAKNESS**

2013-01 – Accrual Accounting- Unresolved. See finding 2014-001.

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

N/A

**SECTION III – MANAGEMENT LETTER**

N/A



## Louisiana Society For The Prevention Of Cruelty To Animals Corrective Action Plan

### **FINDING 2014-001**

#### Management's Response:

The material weakness in the 2014 audit involved a transaction that was unique to the Organization's operations. During 2013, LASPCA began construction on a facility which was subject to partial reimbursements under a FEMA settlement. Approximately \$719,812 of reimbursable costs were incurred in 2014, and a project worksheet summarizing the costs was submitted to the Project Manager. These costs were submitted to and approved by FEMA for reimbursement subsequent to year end. As a result of the timing of the approval for the transaction, no receivable was recorded in the Organization's general ledger during 2014. Management intends to implement a process into its annual close process whereby the Controller compiles all FEMA-approved project worksheets for this construction job and records a receivable for any amounts not yet collected. The CFO will review this process, the amount recorded, and the underlying support. The CFO will also review the Organization's activity for other similar transactions to ensure no other unique accounting matters require further attention.