

**Financial Statements**

**SOCIETY FOR THE PREVENTION OF CRUELTY  
TO ANIMALS OF CENTRAL FLORIDA, INC.**

**June 30, 2011 and 2010**

**SOCIETY FOR THE PREVENTION OF CRUELTY  
TO ANIMALS OF CENTRAL FLORIDA, INC.**

**Financial Statements**

**June 30, 2011 and 2010**

**(With Independent Auditors' Report Thereon)**

SOCIETY FOR THE PREVENTION OF CRUELTY  
TO ANIMALS OF CENTRAL FLORIDA, INC.

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## Independent Auditors' Report

The Board of Directors  
Society for the Prevention of Cruelty to Animals of Central Florida, Inc.

We have audited the accompanying statements of financial position of the Society for the Prevention of Cruelty to Animals of Central Florida, Inc. (the "Society") as of June 30, 2011 and 2010 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Society for the Prevention of Cruelty to Animals of Central Florida, Inc. as of June 30, 2011 and 2010, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Schafer, Tschopp, Whitcomb, Mitchell & Sheridan, LLP*

November 30, 2011

SOCIETY FOR THE PREVENTION OF CRUELTY  
TO ANIMALS OF CENTRAL FLORIDA, INC.

**Statements of Financial Position**

June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b><u>Assets</u></b>		
Current assets		
Cash and cash equivalents	\$ 620,250	959,261
Investments (note 3)	907,525	738,273
Deposits	3,726	3,726
Accounts receivable	-	831
Contributions receivable	-	368,496
Contribution receivable - split interest agreement (note 2)	580,617	-
Prepaid expenses	50,639	27,428
Total current assets	2,162,757	2,098,015
Property and equipment, net (note 4)	4,022,559	3,800,473
Contribution receivable - split-interest agreement (note 2)	474,106	942,669
Beneficial interests in assets held by Community Foundations (note 5)	35,570	31,253
Total assets	\$ 6,694,992	6,872,410
<b><u>Liabilities and Net Assets</u></b>		
Current liabilities:		
Accounts payable	\$ 545,342	613,476
Accrued expenses	53,036	60,691
Total current liabilities	598,378	674,167
Net assets:		
Unrestricted	5,041,891	5,255,574
Temporarily restricted (note 8)	1,054,723	942,669
Total net assets	6,096,614	6,198,243
Total liabilities and net assets	\$ 6,694,992	6,872,410

See accompanying notes to financial statements.

SOCIETY FOR THE PREVENTION OF CRUELTY  
TO ANIMALS OF CENTRAL FLORIDA, INC.

**Statement of Activities**

Year ended June 30, 2011

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Revenue and public support:			
Revenue			
Public medical clinic	\$ 3,453,985	-	3,453,985
Adoption and related fees	765,689	-	765,689
Service contracts (note 1 (j))	16,748	-	16,748
Merchandise sales	41,398	-	41,398
Investment income	27,773	-	27,773
Net realized and unrealized gains on investments (note 3)	150,732	-	150,732
Other revenue	38,359	-	38,359
Public Support			
Donations and grants	627,473	-	627,473
Bequest income	562,276	-	562,276
Change in value of split interest agreement	-	112,054	112,054
Membership fees	76,227	-	76,227
Special events	592,607	-	592,607
Less: direct benefit costs to donors	(127,015)	-	(127,015)
Total revenue and public support	6,226,252	112,054	6,338,306
Expenses:			
Program services	5,799,035	-	5,799,035
General administration	255,704	-	255,704
Fundraising and development	385,196	-	385,196
Total expenses	6,439,935	-	6,439,935
Change in net assets	(213,683)	112,054	(101,629)
Net assets at beginning of year	5,255,574	942,669	6,198,243
Net assets at end of year	\$ 5,041,891	1,054,723	6,096,614

See accompanying notes to financial statements.

SOCIETY FOR THE PREVENTION OF CRUELTY  
TO ANIMALS OF CENTRAL FLORIDA, INC.

**Statement of Activities**

Year ended June 30, 2010

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Revenue and public support:			
Revenue			
Public medical clinic	\$ 3,138,456	-	3,138,456
Adoption and related fees	663,222	-	663,222
Service contracts (note 1 (j))	18,200	-	18,200
Merchandise sales	32,023	-	32,023
Investment income	25,005	-	25,005
Net realized and unrealized gains on investments (note 3)	73,547	-	73,547
Other revenue	34,616	-	34,616
Public Support			
Donations and grants	625,679	-	625,679
Bequest income	1,553,969	-	1,553,969
Change in value of split interest agreement	-	90,609	90,609
Membership fees	79,250	-	79,250
Special events	452,270	-	452,270
Less: direct benefit costs to donors	(119,777)	-	(119,777)
Net assets released from restrictions	5,711	(5,711)	-
Total revenue and public support	6,582,171	84,898	6,667,069
Expenses:			
Program services	5,823,879	-	5,823,879
General administration	235,421	-	235,421
Fundraising and development	279,867	-	279,867
Total expenses	6,339,167	-	6,339,167
Change in net assets	243,004	84,898	327,902
Net assets at beginning of year	5,012,570	857,771	5,870,341
Net assets at end of year	\$ 5,255,574	942,669	6,198,243

See accompanying notes to financial statements.

SOCIETY FOR THE PREVENTION OF CRUELTY  
TO ANIMALS OF CENTRAL FLORIDA, INC.

Statements of Functional Expenses

Years ended June 30, 2011 and 2010

	2011			2010			
	Program Services	General Administration	Fundraising and Development	Program Services	General Administration	Fundraising and Development	Total
Salaries and related expenses	\$ 3,381,422	169,872	148,587	3,345,852	146,806	180,096	3,672,754
Medical supplies	1,591,930	-	-	1,663,817	-	-	1,663,817
Depreciation	232,511	5,442	5,442	231,921	3,827	3,827	239,575
Occupancy, facilities maintenance and equipment maintenance	162,824	8,204	11,895	168,812	6,305	14,930	190,047
Shelter animal support costs	87,375	-	-	102,605	-	-	102,605
Telephone expense	35,997	3,938	2,010	35,558	4,944	3,907	44,409
Direct mail campaigns and postage	2,419	8,965	26,460	5,030	8,170	29,236	42,436
Insurance	129,191	10,923	8,515	124,676	10,030	7,741	142,447
Office supplies	15,326	4,412	685	14,654	5,584	1,610	21,848
Education supplies and camp expenses	5,067	-	-	-	-	-	-
Cost of resale merchandise	-	-	20,234	2,741	-	11,778	14,519
Advertising and public relations	564	189	139,094	2,023	94	1,094	3,211
Bank charges and credit card fees	81,334	-	11,778	64,860	135	11,960	76,955
Professional fees	600	12,138	-	1,493	18,986	-	20,479
Printing	40,292	11,741	7,443	31,256	16,221	7,701	55,178
Travel costs, vehicle expense and repairs	22,995	2,701	778	15,689	2,198	1,268	19,155
Dues, licenses and subscriptions	4,134	3,054	1,465	461	2,338	793	3,592
Other expenses	5,054	14,125	810	12,431	9,783	3,926	26,140
Total expenses	\$ 5,799,035	255,704	385,196	5,823,879	235,421	279,867	6,339,167

See accompanying notes to financial statements.

SOCIETY FOR THE PREVENTION OF CRUELTY  
TO ANIMALS OF CENTRAL FLORIDA, INC.

**Statements of Cash Flows**

Years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$ (101,629)	327,902
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	243,395	239,575
Net realized and unrealized gains on investments	(150,732)	(73,547)
Change in operating assets and liabilities:		
Accounts receivable	831	(831)
Contributions receivable	256,442	(459,105)
Prepaid expenses	(23,211)	42,361
Beneficial interest in assets held by Community Foundations	(4,317)	(12,552)
Accounts payable	(68,134)	45,080
Accrued expenses	(7,655)	(91,140)
Net cash provided by operating activities	144,990	17,743
Cash flows from investing activities:		
Proceeds from sales of investments	426,865	534,759
Purchases of investments	(445,385)	(342,754)
Purchases of property and equipment	(465,481)	(384,523)
Decrease in restricted cash	-	15,711
Net cash used in investing activities:	(484,001)	(176,807)
Net decrease in cash and cash equivalents	(339,011)	(159,064)
Cash and cash equivalents at beginning of year	959,261	1,118,325
Cash and cash equivalents at end of year	\$ 620,250	959,261

See accompanying notes to financial statements.

SOCIETY FOR THE PREVENTION OF CRUELTY  
TO ANIMALS OF CENTRAL FLORIDA, INC.

**Notes to Financial Statements**

June 30, 2011 and 2010

**(1) Organization and Summary of Significant Accounting Policies**

**(a) General**

Society for the Prevention of Cruelty to Animals of Central Florida, Inc. (the "Society") is a not-for-profit organization incorporated in Orange County, Florida. The purpose of the organization is to promote responsible human behavior towards animals.

The Society maintains shelters as temporary homes for abandoned, mistreated or abused animals. The Society also operates clinics which provide low-cost spay and neuter services, as well as general preventive care. These services are provided through facilities located in Orange and Seminole Counties, Florida.

**(b) Basis of Presentation**

The accompanying financial statements are presented on the accrual basis of accounting and represent the financial position and results of operations of the Society.

The Society has adopted the provisions of Financial Accounting Standards Board ASC 958, Accounting for Contributions Received and Contributions Made and Financial Statements for Not-for-Profit Organizations.

These financial statements are prepared on an entity wide basis, focusing on the organization as a whole and present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by aggregating all funds into one set of financial statements and classifying fund balances and transactions into three classes of net assets – unrestricted, temporarily restricted, and permanently restricted as follows:

- ◆ Unrestricted net assets---Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.
- ◆ Temporarily restricted net assets--Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Society and/or the passage of time (See note 8).

SOCIETY FOR THE PREVENTION OF CRUELTY  
TO ANIMALS OF CENTRAL FLORIDA, INC.

**Notes to Financial Statements**

June 30, 2011 and 2010

**(1) Organization and Summary of Significant Accounting Policies (Continued)**

**(b) Basis of Presentation (Continued)**

- ◆ Permanently restricted net assets---Net assets subject to donor-imposed stipulations that will be maintained permanently by the Society. There were no permanently restricted net assets as of or for the years ended June 30, 2011 and 2010.

Revenue and Public Support are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenue in the period made or received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets, materials, and facilities are recorded at their estimated fair value at the date of gift. Such values are recorded in the financial statements as an asset or expense and revenue. In addition, the Society receives a significant amount of contributed time related to various program services and fundraising campaigns. These contributed services are recorded at their estimated fair value at the date of service if they meet the following criteria: (a) the services would have otherwise been purchased by the Society, and (b) the services required specialized skills. For the years ended June 30, 2011 and 2010, contributed goods and services amounted to approximately \$178,000 and \$24,000, respectively.

From time to time, the Society is informed of intentions to give by prospective donors. Such expressions of intent are revocable and unenforceable. The ultimate value of these expressions has not been established nor have they been recognized in the accompanying financial statements.

SOCIETY FOR THE PREVENTION OF CRUELTY  
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**Notes to Financial Statements**

June 30, 2011 and 2010

**(1) Organization and Summary of Significant Accounting Policies (Continued)**

**(c) Property and Equipment**

Property and equipment are stated at cost, or estimated market value at the date of receipt if donated, less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. All property expenditures in excess of \$500 are capitalized; maintenance and renewals are charged to expense as incurred.

**(d) Long-Lived Assets**

The Society follows the policy of lifting restrictions on contributions of cash and other assets received for the acquisition of long-lived assets when the long-lived assets are acquired.

In accordance with "Property, Plant and Equipment – Impairment or Disposal of Long-Lived Assets," FASB Codification Topic 360-10 (Topic 360-10) long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, the Society first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market value and third-party independent appraisals, as considered necessary. No impairment charges have been recorded in the accompanying financial statements related to long-lived assets.

**(e) 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

SOCIETY FOR THE PREVENTION OF CRUELTY  
TO ANIMALS OF CENTRAL FLORIDA, INC.

**Notes to Financial Statements**

June 30, 2011 and 2010

**(1) Organization and Summary of Significant Accounting Policies (Continued)**

**(f) Functional Allocation of Expenses**

The costs of providing Society programs and the administration of the Society have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**(g) Cash and Cash Equivalents**

The Society considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**(h) Income Taxes**

The Society is exempt from federal income tax under provision of Section 501(c)(3) of the Internal Revenue Code. In addition, the Society has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. Consequently, no provision for income taxes has been included in the accompanying financial statements.

The Society has adopted provisions of the Income Tax Topic of the ASC. These provisions clarify the accounting for uncertainty in tax positions and prescribe guidance related to the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The tax benefit from an uncertain tax position is only recognized in the statement of financial position if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Interest and penalties, if any, are included in expenses in the statement of activities. As of June 30, 2011 and 2010, the Society had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

**(i) Financial Instruments Fair Value, Concentration of Business and Credit Risks**

The Society's financial instruments are cash and cash equivalents, investments, accounts receivable, short-term contributions receivable, a long-term contribution receivable – split-interest agreement, prepaid expenses, deposits, beneficial interests in assets held by Community Foundations, accounts payable and accrued expenses.

SOCIETY FOR THE PREVENTION OF CRUELTY  
TO ANIMALS OF CENTRAL FLORIDA, INC.

**Notes to Financial Statements**

June 30, 2011 and 2010

**(1) Organization and Summary of Significant Accounting Policies (Continued)**

**(i) Financial Instruments Fair Value, Concentration of Business and Credit Risks (Continued)**

The recorded values of cash and cash equivalents, accounts receivable, prepaid expenses, deposits, short-term contributions receivable, accounts payable, and accrued expenses, approximate their fair value based on their short-term nature.

The recorded value of investments approximates fair value based on quoted market prices (Level 1 inputs) in an active market for identical assets or liabilities (see notes 1(k) and 3).

The recorded net present value of a long-term contribution receivable split-interest agreement approximates fair value, as the discount rate approximates market rates (Level 3 inputs) (See notes 1(k) and 2). The fair value of the underlying investments within the trust instruments are based on quoted market prices (Level 1 inputs) in an active market for identical assets or liabilities.

The recorded values of beneficial interests in assets held by Community Foundations approximates fair value as they are based on these funds being pooled into various investment funds held by the Foundations (Level 3 inputs) (See notes 1(k) and 5). The fair value of the underlying investments within the Community Foundations' investment funds are based on quoted market prices (Level 1 inputs) in an active market for identical assets or liabilities.

Grants and contracts receivable arise as a result of the agreements with third parties to provide specified services. The grants and contracts are monitored on a monthly basis and are not collateralized.

The Society maintains its cash balances at certain financial institutions in which balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. During the year, the Society from time to time may have had amounts on deposit in excess of the insured limits. Management believes the associated risk is minimized by placing such assets with quality financial institutions. The Society has not experienced any losses on such accounts.

**(j) Service Contracts**

In fiscal years 2011 and 2010, the Society had service contracts with the City of Orlando, Florida under which the Society provided certain services including cruelty investigation, rescue, transportation and emergency treatment of injured, abused or neglected animals

SOCIETY FOR THE PREVENTION OF CRUELTY  
TO ANIMALS OF CENTRAL FLORIDA, INC.

**Notes to Financial Statements**

June 30, 2011 and 2010

**(1) Organization and Summary of Significant Accounting Policies (Continued)**

**(j) Service Contracts (Continued)**

within the City of Orlando. During fiscal 2011 and 2010, the Society received approximately \$17,000 and \$18,000, respectively, under these contracts.

**(k) Fair Value Measurements**

The Society has adopted accounting standards for fair value measurements, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements of assets and liabilities to include disclosure about inputs used in the determination of fair value using the three categories listed below.

These accounting standards apply under other accounting pronouncements previously issued by the Financial Accounting Standards Board, or FASB, which require or permit fair measurements. The adoption of the new accounting standards did not impact the Society's financial position or results of operations.

Fair value is defined under "Fair Value Measurements and Disclosures," FASB Accounting Standards Codification Topic 820 (Topic 820) as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. Topic 820 also establishes a three-level hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels of inputs to the valuation methodology are:

- Level 1 quoted prices (unadjusted) for an identical asset or liability in an active market.
- Level 2 quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.
- Level 3 unobservable and significant to the fair value measurement of the asset or liability.

SOCIETY FOR THE PREVENTION OF CRUELTY  
TO ANIMALS OF CENTRAL FLORIDA, INC.

**Notes to Financial Statements**

June 30, 2011 and 2010

**(1) Organization and Summary of Significant Accounting Policies (Continued)**

**(k) Fair Value Measurements (Continued)**

The Society's financial instruments measured at fair value on a recurring basis subject to the disclosure requirements of Topic 820 at June 30, 2011 and 2010 were as follows:

<u>2011</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Fair Value</u>
Investments	<u>\$ 907,525</u>	<u>-</u>	<u>-</u>	<u>907,525</u>
Contribution receivable – Split-interest Agreement	<u>-</u>	<u>-</u>	<u>1,054,723</u>	<u>1,054,723</u>
Beneficial interest in assets held by Community Foundations	<u>-</u>	<u>-</u>	<u>35,570</u>	<u>35,570</u>
<u>2010</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Fair Value</u>
Investments:	<u>\$ 738,273</u>	<u>-</u>	<u>-</u>	<u>738,273</u>
Contribution receivable – Split-interest Agreement	<u>-</u>	<u>-</u>	<u>942,669</u>	<u>942,669</u>
Beneficial interest in assets held by Community Foundations	<u>-</u>	<u>-</u>	<u>31,253</u>	<u>31,253</u>

SOCIETY FOR THE PREVENTION OF CRUELTY  
TO ANIMALS OF CENTRAL FLORIDA, INC.

**Notes to Financial Statements**

June 30, 2011 and 2010

**(1) Organization and Summary of Significant Accounting Policies (Continued)**

**(l) Subsequent Events**

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition and disclosure through November 30, 2011, which is the date the financial statements were available to be issued.

**(m) Reclassifications**

Certain reclassifications have been made to the 2010 financial statements in order to conform to the 2011 presentation.

**(2) Split-Interest Agreement**

During 2001, the Society became a beneficiary to an irrevocable charitable remainder trust. A charitable remainder trust provides for the payment of distributions to beneficiaries over the trust term. The trust term provides that approximately one-third of the trust will be paid at the end of ten, twenty, and thirty years. At the end of the term, the remaining assets are distributed to specified beneficiaries including the Society. The portion of the trust attributable to the present value of the future benefits to be received by the Society is recorded in the statement of activities as a temporarily restricted contribution in the period the trust is contributed. The related receivable is shown under split-interest receivable in the statement of financial position. The assets are held by a third party who administers the gift. The net present value of the Society's interest using a 6.5% discount rate is \$1,054,723, and is considered or classified as temporarily restricted due to the passage of time.

**(3) Investments**

At June 30, 2011 the Society's investment portfolio consisted of marketable equity and fixed income securities carried at fair value. The Society derives the fair value of its securities based on quoted market prices.

SOCIETY FOR THE PREVENTION OF CRUELTY  
TO ANIMALS OF CENTRAL FLORIDA, INC.

**Notes to Financial Statements**

June 30, 2011 and 2010

**(3) Investments (Continued)**

The following table summarizes the Society's investments at June 30, 2011 and 2010:

	<b>2011</b>	<b>2010</b>
Fixed income securities	\$ 308,975	278,103
Common stocks	598,550	460,170
	<b>\$ 907,525</b>	<b>738,273</b>

Investment gains and losses as reported in the accompanying statements of activities include net realized and unrealized gains of \$150,732 and \$73,547 in 2011 and 2010, respectively, associated with the investments reflected herein.

**(4) Property and Equipment**

Property and equipment consist of the following at June 30:

	<b>Useful Life</b>	<b>2011</b>	<b>2010</b>
Building	40	\$ 5,299,255	4,917,679
Equipment	5-10	918,798	834,893
Vehicles	5	284,026	284,026
		6,502,079	6,036,598
Less accumulated depreciation		2,479,520	2,236,125
		<b>\$ 4,022,559</b>	<b>3,800,473</b>

The Society leases the land on which the buildings are located under long-term leases with Orange County and Seminole County, Florida, which expire March 2, 2042 and October 5, 2043, respectively. Under the terms of the leases, the Society paid total consideration of \$10. The effect of these leases is not reflected in the accompanying statements of activities because the fair value of these leases is not readily determinable.

SOCIETY FOR THE PREVENTION OF CRUELTY  
TO ANIMALS OF CENTRAL FLORIDA, INC.

**Notes to Financial Statements**

June 30, 2011 and 2010

**(5) Beneficial Interests In Assets Held by Community Foundations**

The Society established endowments with the Community Foundation of Central Florida, Inc. and the Orlando Christian Foundation. These endowments will provide a permanent source of income for the Society. Future income may be withdrawn or added to the principal balance of the endowments at the Society's discretion. In accordance with accounting standards on the reporting of endowment funds, those funds are classified as unrestricted and are carried as assets in the accompanying statement of financial position.

The terms of the fund agreements with CFCF provide, among other things, that distributions are subject to CFCF's policies. The Society may recommend distribution from certain funds at any time; however, all recommendations are solely advisory and may be accepted or rejected by CFCF. At the time of the transfers, the Society granted variance power to the Foundations. That power gives the Board of Directors of the Foundations the power to modify or eliminate any restriction, limitation, or condition on the distribution of funds, including their use for any specified purposes or their distribution to specific organizations, if the Board of Directors determines that such restriction, limitation or condition becomes by material and significant change of circumstances in effect unnecessary, incapable of fulfillment, or inconsistent with the proper charitable, religious, scientific, literary, cultural or educational uses and purposes of the Central Florida area.

**(6) Employee Benefit Plan**

The Society's contributions to a salary savings 401(k) plan for the years ended June 30, 2011 and 2010 amounted to approximately \$48,000 and \$59,000, respectively.

**(7) Commitments and Contingencies**

**Legal matters**

The Society occasionally becomes party to various legal actions and proceedings in the normal course of business. In the opinion of management, the ultimate resolution of these matters will not have a significant adverse effect on the accompanying financial statements.

SOCIETY FOR THE PREVENTION OF CRUELTY  
TO ANIMALS OF CENTRAL FLORIDA, INC.

**Notes to Financial Statements**

June 30, 2011 and 2010

**(8) Temporarily Restricted Net Assets**

Temporarily restricted net assets at June 30, 2011 and 2010 consist of the following:

	<u>2011</u>	<u>2010</u>
Contribution receivable – split-interest agreement	\$ <u>1,054,723</u>	<u>942,669</u>

**(9) Subsequent Event**

The Society is a 100% beneficiary in a will whereby the donor passed away in August 2011. The Society received notification of this in September 2011. The Society has since received amounts totaling approximately \$972,000. The remaining portion of the estate consists of a house that has an approximate market value of \$150,000. These amounts have not been recorded in the financial statements as of June 30, 2011 since the event occurred after year-end.