

**NASHVILLE HUMANE ASSOCIATION
AND SUPPORTING FOUNDATION**

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

April 30, 2006 and 2005

TABLE OF CONTENTS

Independent Auditors' Report.....	2
Financial Statements:	
Consolidated Statements of Financial Position.....	3
Consolidated Statements of Activities.....	4 – 5
Consolidated Statements of Functional Expenses	6 – 7
Consolidated Statements of Cash Flows.....	8
Notes to Consolidated Financial Statements.....	9 – 14
Additional Information:	
Consolidating Statement of Financial Position.....	15 – 16
Consolidating Statement of Activities	17 – 20



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Nashville Humane Association and Supporting Foundation

We have audited the accompanying consolidated statements of financial position of Nashville Humane Association and Supporting Foundation (a nonprofit Association) as of April 30, 2006 and 2005 and the related consolidated statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Association'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 audit 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 our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Nashville Humane Association and Supporting Foundation as of April 30, 2006 and 2005, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 10 to the financial statements, certain beneficial interests in trusts had not been previously recorded in the Association's financial statements as required by accounting principles generally accepted in the United States of America. Accordingly, net assets at April 30, 2004 have been restated to record such interests.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information on pages 15 – 20 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual organizations. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Frasier, Dean & Howard, PLLC

July 12, 2006

NASHVILLE HUMANE ASSOCIATION AND SUPPORTING FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
April 30, 2006 and 2005

	<u>2006</u>	<u>2005</u> (Restated)
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,353,099	\$ 1,882,459
Contributions receivable, less doubtful accounts of \$300 and \$23,000	4,700	72,700
Prepaid expenses	<u>4,094</u>	<u>4,094</u>
Total current assets	1,361,893	1,959,253
Beneficial interest in trusts	1,010,686	1,035,798
Investments	7,638,407	6,243,835
Land, building, and equipment, net	3,150,601	3,304,076
Deposit	<u>1,000</u>	<u>1,000</u>
Total assets	<u>\$13,162,587</u>	<u>\$12,543,962</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	<u>\$ 19,598</u>	<u>\$ 29,011</u>
Total current liabilities	19,598	29,011
Net assets:		
Unrestricted	9,826,590	9,111,453
Temporarily restricted	791,399	878,498
Permanently restricted	<u>2,525,000</u>	<u>2,525,000</u>
Total net assets	<u>13,142,989</u>	<u>12,514,951</u>
Total current liabilities and net assets	<u>\$13,162,587</u>	<u>\$12,543,962</u>

See accompanying notes to financial statements.

NASHVILLE HUMANE ASSOCIATION AND SUPPORTING FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended April 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue:				
Public support:				
Donations	\$ 1,085,020	\$ 6,013	\$ -	\$ 1,091,033
Auxiliary fundraisers	400,955	-	-	400,955
In-kind donations	172,347	-	-	172,347
Net assets released from restriction	68,000	(68,000)	-	-
Total public support	<u>1,726,322</u>	<u>(61,987)</u>	<u>-</u>	<u>1,664,335</u>
Revenue:				
Adoptions	162,212	-	-	162,212
Other program services	91,527	-	-	91,527
Grants	97,489	-	-	97,489
Investment income	480,991	-	-	480,991
Change in value of beneficial interest in trusts	-	(25,112)	-	(25,112)
Total revenue	<u>832,219</u>	<u>(25,112)</u>	<u>-</u>	<u>807,107</u>
Total public support and revenue	<u>2,558,541</u>	<u>(87,099)</u>	<u>-</u>	<u>2,471,442</u>
Expenses:				
Program services:				
Shelter operations	1,128,908	-	-	1,128,908
Rover	307,041	-	-	307,041
CSNP	51,911	-	-	51,911
Total program services	<u>1,487,860</u>	<u>-</u>	<u>-</u>	<u>1,487,860</u>
Supporting services:				
Management and general	151,278	-	-	151,278
Fundraising	204,266	-	-	204,266
Total supporting services	<u>355,544</u>	<u>-</u>	<u>-</u>	<u>355,544</u>
Total expenses	<u>1,843,404</u>	<u>-</u>	<u>-</u>	<u>1,843,404</u>
Change in net assets	715,137	(87,099)	-	628,038
Net assets at beginning of year	9,111,453	878,498	2,525,000	12,514,951
Net assets at end of year	<u>\$ 9,826,590</u>	<u>\$ 791,399</u>	<u>\$ 2,525,000</u>	<u>\$ 13,142,989</u>

See accompanying notes to financial statements.

NASHVILLE HUMANE ASSOCIATION AND SUPPORTING FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended April 30, 2005

	Unrestricted	Temporarily Restricted (Restated)	Permanently Restricted (Restated)	Total (Restated)
Public support and revenue:				
Public support:				
Donations	\$ 473,475	\$ 72,700	\$ -	\$ 546,175
Auxiliary fundraisers	327,375	-	-	327,375
In-kind donations	79,061	-	-	79,061
Total public support	879,911	72,700	-	952,611
Revenue:				
Adoptions	163,437	-	-	163,437
Other program services	47,332	-	-	47,332
Grants	168,884	-	-	168,884
Investment income	217,463	-	-	217,463
Gain on sale of property	490,864	-	-	490,864
Change in value of beneficial interest in trusts	-	22,969	-	22,969
Total revenue	1,087,980	22,969	-	1,110,949
Total public support and revenue	1,967,891	95,669	-	2,063,560
Expenses:				
Program services:				
Shelter operations	932,610	-	-	932,610
Rover	249,402	-	-	249,402
Total program services	1,182,012	-	-	1,182,012
Supporting services:				
Management and general	139,336	-	-	139,336
Fundraising	151,480	-	-	151,480
Total supporting services	290,816	-	-	290,816
Total expenses	1,472,828	-	-	1,472,828
Change in net assets	495,063	95,669	-	590,732
Net assets at beginning of year as previously reported	8,616,390	-	2,295,000	10,911,390
Restatement to reflect beneficial interest in trusts	-	782,829	230,000	1,012,829
Net assets at beginning of year as restated	8,616,390	782,829	2,525,000	11,924,219
Net assets at end of year	\$ 9,111,453	\$ 878,498	\$ 2,525,000	\$ 12,514,951

See accompanying notes to financial statements.

NASHVILLE HUMANE ASSOCIATION AND SUPPORTING FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended April 30, 2006

	Program Services			Supporting Services		
	Shelter Operations	Rover	CSNP	Management and General	Fundraising	Total Expenses
Salaries	\$ 361,120	\$ 95,960	\$ 27,218	\$ 484,298	\$ 53,880	\$ 110,347
Depreciation	141,914	19,700	12,636	174,250	2,792	6,270
In-kind	172,347	-	-	172,347	-	-
Fundraising events	-	42,295	-	42,295	129,733	129,733
Vet fees	62,785	71,958	-	134,743	-	-
Payroll taxes and employee benefits	79,598	21,151	6,000	106,749	11,877	24,323
Vet supplies	82,096	36,715	-	118,811	-	-
Telephone and utilities	75,543	2,202	6,057	83,802	3,069	5,526
Shelter supplies	44,615	7,714	-	52,329	-	-
Legal and professional	-	-	-	-	-	-
Insurance	30,249	-	-	30,249	-	-
Repairs and maintenance	29,384	1,206	-	30,590	2,915	6,196
Office expense	-	993	-	993	-	-
Miscellaneous	15,705	-	-	15,705	-	-
Seminars	13,205	-	-	13,205	-	-
Cremation services	11,442	-	-	11,442	-	-
Auto and truck expenses	1,220	7,033	-	8,253	-	-
Bank charges and investment fees	-	-	-	-	-	-
Equipment rental	5,945	-	-	5,945	-	-
Laundry and uniforms	1,740	-	-	1,740	-	-
Taxes and licenses	-	114	-	114	-	-
	\$ 1,128,908	\$ 307,041	\$ 51,911	\$ 1,487,860	\$ 204,266	\$ 355,544
				\$ 151,278		\$ 1,843,404

See accompanying notes to financial statements.

NASHVILLE HUMANE ASSOCIATION AND SUPPORTING FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended April 30, 2005

	Program Services			Supporting Services		
	Shelter Operations	Rover	Total	Management and General	Fundraising	Total
Salaries	\$ 345,383	\$ 80,606	\$ 425,989	\$ 26,725	\$ 49,573	\$ 76,298
Depreciation	152,270	19,700	171,970	-	-	-
Vet fees	45,934	63,099	109,033	-	-	-
Fundraising events	-	16,678	16,678	-	81,818	81,818
Telephone and utilities	66,960	1,127	68,087	19,408	9,549	28,957
Vet supplies	53,930	36,975	90,905	-	-	-
Payroll taxes and employee benefits	60,238	13,968	74,206	5,238	7,857	13,095
In-kind	79,061	-	79,061	-	-	-
Shelter supplies	37,084	9,583	46,667	-	-	-
Legal and professional	-	-	-	36,587	-	36,587
Insurance	27,839	-	27,839	3,019	2,683	5,702
Oceola property expenses	-	-	-	28,091	-	28,091
Repairs and maintenance	15,253	85	15,338	-	-	-
Miscellaneous	15,006	22	15,028	-	-	-
Cremation services	14,260	-	14,260	-	-	-
Office expense	-	436	436	13,015	-	13,015
Seminars	13,336	-	13,336	-	-	-
Auto and truck expenses	1,178	6,663	7,841	-	-	-
Bank charges and investment fees	-	-	-	-	-	-
Equipment rental	4,303	-	4,303	5,543	-	5,543
Taxes and licenses	-	460	460	-	-	-
Laundry and uniforms	575	-	575	1,710	-	1,710
	\$ 932,610	\$ 249,402	\$ 1,182,012	\$ 139,336	\$ 151,480	\$ 290,816
						\$ 1,472,828

See accompanying notes to financial statements.

NASHVILLE HUMANE ASSOCIATION AND SUPPORTING FOUNDATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended April 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Change in net assets	\$ 628,038	\$ 590,732
Adjustments to reconcile change in nets assets to net cash provided by operating activities:		
Depreciation	180,520	171,970
Gain on sale of property	-	(490,864)
Unrealized gain on investments	(190,156)	(52,866)
Donated investments	(1,078)	(5,511)
Change in operating assets and liabilities		
Contributions receivable	68,000	(33,000)
Beneficial interest in trusts	25,112	(22,969)
Accounts payable	(9,413)	20,555
Accrued payroll	-	(4,130)
Deferred revenue	-	(10,090)
Net cash provided by operating activities	<u>701,023</u>	<u>163,827</u>
Cash flows from investing activities:		
Purchase of land, building and equipment	(27,045)	(44,493)
Proceeds from sale of land, building and equipment	-	517,125
Purchase of investments	(2,816,349)	(10,160,413)
Proceeds from sale of investments	<u>1,613,011</u>	<u>8,160,666</u>
Net cash used by investing activities	<u>(1,230,383)</u>	<u>(1,527,115)</u>
Decrease in cash	(529,360)	(1,363,288)
Cash and cash equivalents at beginning of year	<u>1,882,459</u>	<u>3,245,747</u>
Cash and cash equivalents at end of year	<u>\$ 1,353,099</u>	<u>\$ 1,882,459</u>
Supplemental disclosure of cash flow information:		
Non-cash investing and financing activity:		
Receipts of donated investments	<u>\$ 1,078</u>	<u>\$ 5,511</u>

See accompanying notes to financial statements.

NASHVILLE HUMANE ASSOCIATION AND SUPPORTING FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2006 and 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Nashville Humane Association is a nonprofit organization formed in 1946 and created to provide food, shelter, and medical treatment of lost, abandoned, and injured animals and to prevent cruelty to animals.

Nashville Humane Association Supporting Foundation is an affiliated nonprofit organization formed in 2004 whose purpose is to raise, manage, and distribute funds exclusively for the benefit of the Nashville Humane Association.

Principles of Consolidation

The consolidated statements include the accounts and activities of Nashville Humane Association and Nashville Humane Association Supporting Foundation referred herein as the “Association”. All significant intercompany accounts and transactions have been eliminated.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Association and/or the passage of time. Restrictions that are fulfilled in the same accounting period in which the contributions are received are reported in the statement of activities as unrestricted.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Association. Generally, the donors of these assets permit the Association to use all or part of the income earned and any related investments for general or specific purposes.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all cash and related short-term investments with original maturities of three months or less to be cash equivalents.

NASHVILLE HUMANE ASSOCIATION AND SUPPORTING FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2006 and 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

In accordance with Statement of Financial Accounting Standards (“SFAS”) No. 124, “*Accounting for Certain Investments Held by Not-for-Profit Associations*,” investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Land, Building and Equipment

Land, building and equipment are recorded at cost or, if donated, at the estimated fair market value as of the date of donation. Depreciation is provided using the straight-line basis over the estimated useful lives of the respective assets. It is the Association’s policy to capitalize any expenditures over \$500 for property and equipment. Expenditures for repairs and maintenance are charged to expense as incurred.

Income Taxes

The Association is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and the Association is classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes is included in the accompanying financial statements.

Functional Allocation of Expenses

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

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 certain amounts and disclosures. Actual results could differ from those estimates.

In-kind Donations

In-kind donations are recognized at the fair value of items received at the time of donation. Volunteer time is recognized to the extent such time is provided by individuals with specialized training and which would normally need to be purchased. The Association also receives volunteer services from a number of individuals in carrying out its programs but not meeting the criteria for recognition in the financial statements.

NASHVILLE HUMANE ASSOCIATION AND SUPPORTING FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2006 and 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk

At various times through the year, the Association had cash and investment balances with banks and other financial institutions exceeding \$100,000 which is the maximum insured by the Federal Deposit Insurance Corporation. Credit risk is managed by maintaining all deposits in high quality financial institutions.

Split Interest Agreements

Accounting standards require that the following instruments be recorded as a contribution and an asset at the present value of the Association's ultimate interest.

Charitable Remainder Trusts

A donor has established and funded trusts under which specified distributions are to be made to a designated beneficiary over the trusts' term. Upon termination of the trusts, the Association receives a portion of the assets remaining in the trusts.

Charitable Lead Trust

A donor has established and funded a trust designating the Association as a beneficiary of specific distributions to be made over a specified period. Upon termination of the trust, the remainder of the trust assets is to be paid to a beneficiary designated by the donor.

Perpetual Trust Held by a Third Party

Donors have established and funded trusts naming outside fiscal agents to invest and manage the trust assets in perpetuity. The Association, each year, will receive a pro-rata share of income from the trust assets in perpetuity.

NOTE 2 – INVESTMENTS

Investments at April 30, 2006 and 2005 consist of the following:

	<u>2006</u>	<u>2005</u>
Certificates of deposit	\$ 719,000	\$ 829,971
GNMA pass-through pools	3,906	6,143
Fixed income securities	3,513,806	3,184,380
Preferred securities	100,880	100,000
Common stocks	<u>3,300,815</u>	<u>2,123,341</u>
	<u>\$ 7,638,407</u>	<u>\$ 6,243,835</u>

NASHVILLE HUMANE ASSOCIATION AND SUPPORTING FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2006 and 2005

NOTE 2 – INVESTMENTS (Continued)

The following schedule summarizes the investment return for the years ended April 30:

	<u>2006</u>	<u>2005</u>
Interest and dividends	\$ 290,835	\$ 164,597
Unrealized gains (losses), net	<u>190,156</u>	<u>52,866</u>
	<u>\$ 480,991</u>	<u>\$ 217,463</u>

The Association's general investment policy is to maintain approximately 50% of its portfolio in stocks and 50% in fixed income securities. The Association plans to eventually distribute approximately 5% of Foundation principal on an annual basis. Such distributions will be used to help fund the programs of the Association.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

At April 30, 2006 and 2005, net contributions receivable in the amount of \$4,700 and \$72,700 were outstanding, respectively. These unconditional promises to give are to be received by the Association within one year. Management has established an allowance for doubtful accounts of \$300 and \$23,000 at April 30, 2006 and 2005, respectively.

NOTE 4 – BENEFICIAL INTEREST IN TRUSTS

The Association has been named as one of three beneficiaries of charitable remainder trusts, held and administrated by a third party, upon termination of the trusts. Based upon earnings at an estimated rate of 8% over the life of the trust, 6% annual distribution to an unrelated specified beneficiary over their lifetime, and a 4.72% discount rate, the present value of future benefits expected to be received by the Association totaled \$710,686 and \$735,798 as of April 30, 2006 and 2005, respectively.

A donor has established a trust held by a third party naming the Association as a beneficiary of a charitable lead trust. Under terms of the split-interest agreement, the Association is to receive 20% of 5% of the trust assets annually for its unrestricted use for a period of fifteen years. Upon termination of the trust, the remaining trust assets are to be distributed to others. Based upon earning at an estimated rate of 8% over the life of the trust and a 4.72% discount rate, the present value of future benefits expected to be received by the Association totaled approximately \$70,000 at April 30, 2006 and 2005.

NASHVILLE HUMANE ASSOCIATION AND SUPPORTING FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2006 and 2005

NOTE 4 – BENEFICIAL INTEREST IN TRUSTS (Continued)

The Association is one of five beneficiaries of a perpetual trust. The assets of the trust, totaling approximately \$1,300,000 at April 30, 2006 and 2005, are held and administered by an outside fiscal agent. The Association is the beneficiary of an additional perpetual trust. The assets of the trust, totaling approximately \$100,000 at April 30, 2006 and 2005, are also held and administered by an outside fiscal agent. The Association has recorded an asset, which is considered permanently restricted, of \$230,000 representing its beneficial interest in the trusts based on the present value of amounts to be received. The Association received annual income available to the Association from these trusts of approximately \$9,700 for each of the years ended April 30, 2006 and 2005. Such amounts are included in unrestricted contributions in the accompanying statement of activities.

NOTE 5 – LAND, BUILDING AND EQUIPMENT

Land, building and equipment at April 30, 2006 and 2005, consists of the following:

	<u>2006</u>	<u>2005</u>
Land	\$ 426,395	\$ 426,395
Building	2,644,094	2,627,510
Furniture and fixtures	56,921	56,268
Equipment	395,265	385,457
Works of art	16,625	16,625
Vehicles	<u>161,254</u>	<u>161,254</u>
	3,700,554	3,673,509
Less: accumulated depreciation	<u>(549,953)</u>	<u>(369,433)</u>
	<u>\$ 3,150,601</u>	<u>\$ 3,304,076</u>

NOTE 6 – NET ASSETS

Temporarily restricted net assets consist of the following at April 30:

	<u>2006</u>	<u>2005</u>
Contributions receivable	\$ 10,713	\$ 72,700
Beneficial interest in trusts	<u>780,686</u>	<u>805,798</u>
	<u>\$ 791,399</u>	<u>\$ 878,498</u>

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable to support the operations of the Association. Permanently restricted net assets totaled \$2,525,000 at April 30, 2006 and 2005.

Contributions made by the Association to the Supporting Foundation are accounted for as transfers of net assets. Transfers of net assets totaled \$678,648 and \$6,660,906 for the years ended April 30, 2006 and 2005, respectively.

NASHVILLE HUMANE ASSOCIATION AND SUPPORTING FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2006 and 2005

NOTE 7 – CONTRIBUTED SERVICES AND ITEMS

The Association receives a significant amount of donated services and items from unpaid volunteers who assist in fundraising, animal care, and special projects. The amount recognized in the accompanying financial statements for fiscal year 2006 and 2005 totaled \$172,347 and \$79,061, respectively.

NOTE 8 – EMPLOYEE BENEFIT PLAN

The Association established a Simple IRA Retirement Plan during the year ended April 30, 2005. Under the terms of the plan, the Association will provide a matching contribution up to a maximum of 3% of each eligible employee's annual compensation. Employees are eligible to participate in the plan once compensation exceeds \$1,000 or upon completion of one year of service. Employer contributions totaled \$7,407 and \$0 for the years ended April 30, 2006 and 2005, respectively.

NOTE 9 – COMMUNITY FOUNDATION OF MIDDLE TENNESSEE INVESTMENTS

The Community Foundation of Middle Tennessee, a separate nonprofit organization, maintains investments on behalf of the Association. The Community Foundation has ultimate authority and control over the investments; accordingly, the net assets of the Association do not include these investments.

The Association does anticipate receiving periodic investment earnings on its pro-rata share of the Community Foundation's assets. The balance of the endowment fund held for the benefit of the Association totaled approximately \$2.65 million and \$2.3 million at April 30, 2006 and 2005, respectively.

NOTE 10 – RESTATEMENT

During the year ended April 30, 2005, the Association restated net assets as of April 30, 2004 to properly record its beneficial interest in certain split-interest agreements at that date of \$712,829. During the year ended April 30, 2006, the Association restated net assets as of April 30, 2004 to properly record its beneficial interest in additional split-interest agreements at that date of \$300,000. The Association's interest in such trusts had previously been unrecorded in the Association's accounting records.

ADDITIONAL INFORMATION

NASHVILLE HUMANE ASSOCIATION AND SUPPORTING FOUNDATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

April 30, 2006

	Nashville Humane Association	Nashville Humane Association Supporting Foundation	Consolidated
Current assets			
Cash and cash equivalents	\$ 224,470	\$ 1,128,629	\$ 1,353,099
Contributions receivable, less doubtful accounts of \$300	4,700	-	4,700
Prepaid expenses	4,094	-	4,094
	<hr/>	<hr/>	<hr/>
Total current assets	233,264	1,128,629	1,361,893
Beneficial interest in trusts	1,010,686	-	1,010,686
Investments	823,786	6,814,621	7,638,407
Land, building and equipment, net	3,150,601	-	3,150,601
Deposit	1,000	-	1,000
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 5,219,337</u>	<u>\$ 7,943,250</u>	<u>\$ 13,162,587</u>
Current liabilities			
Accounts payable	\$ 19,598	\$ -	\$ 19,598
	<hr/>	<hr/>	<hr/>
Total current liabilities	19,598	-	19,598
Net assets			
Unrestricted	4,178,340	5,648,250	9,826,590
Temporarily restricted	791,399	-	791,399
Permanently restricted	230,000	2,295,000	2,525,000
	<hr/>	<hr/>	<hr/>
Total net assets	5,199,739	7,943,250	13,142,989
	<hr/>	<hr/>	<hr/>
Total current liabilities and net assets	<u>\$ 5,219,337</u>	<u>\$ 7,943,250</u>	<u>\$ 13,162,587</u>

NASHVILLE HUMANE ASSOCIATION AND SUPPORTING FOUNDATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

April 30, 2005

	Nashville Humane Association (Restated)	Nashville Humane Association Supporting Foundation	Consolidated (Restated)
Current assets			
Cash and cash equivalents	\$ 360,253	\$ 1,522,206	\$ 1,882,459
Contributions receivable, less doubtful accounts of \$23,000	72,700	-	72,700
Prepaid expenses	4,094	-	4,094
	<hr/>	<hr/>	<hr/>
Total current assets	437,047	1,522,206	1,959,253
Beneficial interest in trusts	1,035,798	-	1,035,798
Investments	936,114	5,307,721	6,243,835
Land, building and equipment, net	3,304,076	-	3,304,076
Deposit	1,000	-	1,000
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 5,714,035</u>	<u>\$ 6,829,927</u>	<u>\$ 12,543,962</u>
Current liabilities			
Accounts payable	\$ 29,011	\$ -	\$ 29,011
	<hr/>	<hr/>	<hr/>
Total current liabilities	29,011	-	29,011
	<hr/>	<hr/>	<hr/>
Net assets			
Unrestricted	4,576,526	4,534,927	9,111,453
Temporarily restricted	878,498	-	878,498
Permanently restricted	230,000	2,295,000	2,525,000
	<hr/>	<hr/>	<hr/>
Total net assets	5,685,024	6,829,927	12,514,951
	<hr/>	<hr/>	<hr/>
Total current liabilities and net assets	<u>\$ 5,714,035</u>	<u>\$ 6,829,927</u>	<u>\$ 12,543,962</u>

NASHVILLE HUMANE ASSOCIATION AND SUPPORTING FOUNDATION
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended April 30, 2006

	Nashville Humane Association	Nashville Humane Association Supporting Foundation	Consolidated
<u>Unrestricted</u>			
Public support and revenue:			
Public support:			
Donations	\$ 1,085,020	\$ -	\$ 1,085,020
Auxiliary fundraisers	400,955	-	400,955
In-kind donations	172,347	-	172,347
Net assets released from restriction	68,000	-	68,000
Total public support	<u>1,726,322</u>	<u>-</u>	<u>1,726,322</u>
Revenue:			
Adoptions	162,212	-	162,212
Other program services	91,527	-	91,527
Grants	97,489	-	97,489
Investment income	40,286	440,705	480,991
Total revenue	<u>391,514</u>	<u>440,705</u>	<u>832,219</u>
Total public support and revenue	<u>2,117,836</u>	<u>440,705</u>	<u>2,558,541</u>
Expenses:			
Program services:			
Shelter operations	1,128,908	-	1,128,908
Rover	307,041	-	307,041
CSNP	51,911	-	51,911
Total program services	<u>1,487,860</u>	<u>-</u>	<u>1,487,860</u>
Supporting services:			
Management and general	145,248	6,030	151,278
Fundraising	204,266	-	204,266
Total supporting services	<u>349,514</u>	<u>6,030</u>	<u>355,544</u>
Total expenses	<u>1,837,374</u>	<u>6,030</u>	<u>1,843,404</u>
Change in unrestricted net assets	280,462	434,675	715,137
Unrestricted net assets at beginning of year	4,576,526	4,534,927	9,111,453
Transfer of net assets	<u>(678,648)</u>	<u>678,648</u>	<u>-</u>
Unrestricted net assets at end of year	<u>\$ 4,178,340</u>	<u>\$ 5,648,250</u>	<u>\$ 9,826,590</u>

NASHVILLE HUMANE ASSOCIATION AND SUPPORTING FOUNDATION
CONSOLIDATING STATEMENT OF ACTIVITIES (Continued)
Year Ended April 30, 2006

	Nashville Humane Association	Nashville Humane Association Supporting Foundation	Consolidated
<u>Temporarily restricted</u>			
Public support:			
Donations	\$ 6,013	\$ -	\$ 6,013
Total public support	6,013	-	6,013
Revenue:			
Change in value of beneficial interest in trusts	(25,112)	-	(25,112)
Total revenue	(25,112)	-	(25,112)
Net assets released from restriction	(68,000)	-	(68,000)
Change in temporarily restricted net assets	(87,099)	-	(87,099)
Temporarily restricted net assets at beginning of year	878,498	-	878,498
Temporarily restricted net assets at end of year	<u>\$ 791,399</u>	<u>\$ -</u>	<u>\$ 791,399</u>
<u>Permanently restricted</u>			
Permanently restricted net assets at beginning of year	\$ 230,000	\$ 2,295,000	\$ 2,525,000
Transfer of net assets	-	-	-
Permanently restricted net assets at end of year	<u>\$ 230,000</u>	<u>\$ 2,295,000</u>	<u>\$ 2,525,000</u>

NASHVILLE HUMANE ASSOCIATION AND SUPPORTING FOUNDATION
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended April 30, 2005

	Nashville Humane Association	Nashville Humane Association Supporting Foundation	Consolidated
<u>Unrestricted</u>			
Public support and revenue:			
Public support:			
Donations	\$ 473,475	\$ -	\$ 473,475
Auxiliary fundraisers	327,375	-	327,375
In-kind donations	79,061	-	79,061
Total public support	<u>879,911</u>	<u>-</u>	<u>879,911</u>
Revenue:			
Adoptions	163,437	-	163,437
Other program services	47,332	-	47,332
Grants	168,884	-	168,884
Investment income	42,364	175,099	217,463
Gain on sale of property	490,864	-	490,864
Total revenue	<u>912,881</u>	<u>175,099</u>	<u>1,087,980</u>
Total public support and revenue	<u>1,792,792</u>	<u>175,099</u>	<u>1,967,891</u>
Expenses:			
Program services:			
Shelter operations	932,610	-	932,610
Rover	249,402	-	249,402
Total program services	<u>1,182,012</u>	<u>-</u>	<u>1,182,012</u>
Supporting services:			
Management and general	133,258	6,078	139,336
Fundraising	151,480	-	151,480
Total supporting services	<u>284,738</u>	<u>6,078</u>	<u>290,816</u>
Total expenses	<u>1,466,750</u>	<u>6,078</u>	<u>1,472,828</u>
Change in unrestricted net assets	326,042	169,021	495,063
Unrestricted net assets at beginning of year	8,616,390	-	8,616,390
Transfer of net assets	<u>(4,365,906)</u>	<u>4,365,906</u>	<u>-</u>
Unrestricted net assets at end of year	<u>\$ 4,576,526</u>	<u>\$ 4,534,927</u>	<u>\$ 9,111,453</u>

NASHVILLE HUMANE ASSOCIATION AND SUPPORTING FOUNDATION
CONSOLIDATING STATEMENT OF ACTIVITIES (Continued)
Year Ended April 30, 2005

	Nashville Humane Association (Restated)	Nashville Humane Association Supporting Foundation	Consolidated (Restated)
<u>Temporarily restricted</u>			
Public support:			
Donations	\$ 72,700	\$ -	\$ 72,700
Total public support	72,700	-	72,700
Revenue:			
Change in value of beneficial interest in trusts	22,969	-	22,969
Total revenue	22,969	-	22,969
Change in temporarily restricted net assets	95,669	-	95,669
Temporarily restricted net assets at beginning of year as previously reported	-	-	-
Restatement to reflect beneficial interest in trusts	782,829	-	782,829
Temporarily restricted net assets at beginning of year as restated	782,829	-	782,829
Temporarily restricted net assets at end of year	<u>\$ 878,498</u>	<u>\$ -</u>	<u>\$ 878,498</u>
<u>Permanently restricted</u>			
Permanently restricted net assets at beginning of year	\$ 2,525,000	\$ -	\$ 2,525,000
Transfer of net assets	(2,295,000)	2,295,000	-
Permanently restricted net assets at end of year	<u>\$ 230,000</u>	<u>\$ 2,295,000</u>	<u>\$ 2,525,000</u>