

***THE HUMANE ASSOCIATION OF WILSON COUNTY, INC.***

***AUDITED FINANCIAL STATEMENTS***

***JUNE 30, 2016***

***HUGH W. SMITH, SR.***  
***CERTIFIED PUBLIC ACCOUNTANT***



America Counts on CPAs

**Human Association of Wilson County, Inc.**  
**Table of Contents**  
**June 30, 2016**

	<u>Page</u>
Independent Auditor's Report	1
Statement of Financial Position	2
Statement of Activity and Changes in Net Assets	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-9

***Hugh W. Smith, Sr.***  
***Certified Public Accountant***

765 McClure Street ♦ Red Boiling Springs, Tennessee 37150 ♦  
615-699-2695 ♦ [hsmith@nctc.com](mailto:hsmith@nctc.com) ♦ [www.hwscpa.com](http://www.hwscpa.com)

**Independent Auditor's Report**

To the Board of Directors of  
the Humane Association of Wilson County, Inc.

I have audited the accompanying financial statements of the Humane Association of Wilson County, Inc., which comprise the statement of financial position as of June 30, 2016, and the related statements of activity, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with U.S. generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of account policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Humane Association of Wilson County, Inc. as of June 30, 2016, and the results of its operations and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.



September 26, 2016

**Humane Association of Wilson County, Inc.**  
**Statement of Financial Position**  
**June 30, 2016**

**ASSETS**

*Current Assets*

Cash – Checking	\$	16,677
Cash – Building Fund		124,707
Cash – PayPal Donation		1,929
Cash – Clinic Expansion		24,887
Prepaid Expenses		4,276
Other		416
Total Current Assets		<u>172,892</u>

*Property and Equipment*

Construction-in-progress		20,000
Land and building		381,677
Mobil equipment		242,126
Equipment and fixtures		115,912
		<u>759,715</u>
Less: Accumulated depreciation		(343,076)
Total Property and Equipment		<u>416,639</u>

Total Assets \$ 589,531

**LIABILITIES AND NET ASSETS**

*Current Liabilities*

Accounts payable and Accrued Expenses	\$	25,048
Total Liabilities		<u>25,048</u>

*Net Assets*

Restricted- Clinic Expansion		24,887
Unrestricted		539,596
Total Net Assets		<u>564,483</u>

Total Liabilities and Net Assets \$ 589,531

See accompanying notes to the financial statements.

**Humane Association of Wilson County, Inc.**  
**Statements of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2016**

	<u><b>Unrestricted</b></u>
<b>Public Support and Revenues</b>	
Angel Fund Donations	\$ 6,085
Building Fund Donations	25,000
Other Donations	186,166
Pet Adoptions, net	41,005
Spay/Neuter	45,623
Special Events	29,371
Grants & Awards	17,789
In-Take	4,395
Reverse Raffle	2,971
Memorials	6,727
Interest	417
Other	75
Total Revenue	<u>365,624</u>
<b>Expenses</b>	
Program Services	372,237
Management & General	<u>6,125</u>
Total Expenses	<u>378,362</u>
Excess (Deficiency) of Public Support And Revenue Over Expenses	(12,738)
<b>Net Assets, Beginning (Restated Note E)</b>	<u>577,221</u>
<b>Net Assets, End</b>	<u><b>\$ 564,483</b></u>

See accompanying notes to the financial statements.

The Humane Association of Wilson County, Inc.  
Statement of Functional Expenses  
Year Ended June 30, 2016

	Almost Home	NLOL	The Spay Station	Specified	Total	Management & General	Total (Memo)
Angle Fund Expense	\$ 3,108				\$ 3,108		\$ 3,108
Automobile Expense	868		2,705		3,573		3,573
Bank Service Charges		365			365		365
Building & Equipment Repair	873	111			984		984
Cell Phones	2,479		200		2,679		2,679
Conference/Workshop		325			325		325
Credit Card Services	236	759			995		995
Dues & Subscriptions		953			953		953
Fund Raising Expense		15,078			15,078		15,078
Liability Insurance		1,334			1,334		1,334
Business and Vehicle Insurance		14,591			14,591		14,591
Wages/taxes and employee benefits	115,897	44,488	18,883	394	179,662		179,662
Dog Training	2,400				2,400		2,400
Grant Expense	1,590				1,590		1,590
Medical Supplies	22,796	131	18,007		40,934		40,934
Office Supplies	3,303	401			3,704		3,704
Operating Supplies	953				953		953
Medical Services	375		36,700		37,075		37,075
Postage & Shipping	524	147			671		671
Professional Fees					0	5,185	5,185
Pull Fee	377				377		377
Software	3,323	1,731			5,054		5,054
Rent					98		98
Supplies	4,334				4,352		4,352
Taxes & Licenses	280	1,656			3,170		3,170
Miscellaneous Administrative			1,234		0	940	940
Utilities	16,047	178	1,290		17,515		17,515
Total expense before depreciation	179,763	82,248	79,135	394	341,540	6,125	347,665
Depreciation	15,042	8,902	6,753		30,697		30,697
Total expenses	\$ 194,805	\$ 91,150	\$ 85,888	394	\$ 372,237	\$ 6,125	\$ 378,362

See accompanying notes to the financial statements.

Human Association of Wilson County, Inc.  
 Statements of Cash Flows  
 For the Year Ended June 30, 2016

Cash Flows From Operating Activities	
Decrease in Net Assets	\$ (12,738)
Adjustments to reconcile change in net assets to net cash provided by operations:	
Depreciation	30,697
(Increase) Decrease in:	
Prepaid Expenses	(1,895)
Accounts Payable	21,169
Other Assets	(416)
	<u>18,858</u>
Net Cash Provided By Operating Activities	36,817
Cash Flows From Investing Activities	
Purchase Fixed Assets	(13,370)
Construction-in-process	(20,000)
	<u>(33,370)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,447
Cash and Cash Equivalents, Beginning	<u>164,753</u>
Cash and Cash Equivalents, End	<u>\$ 168,200</u>

See accompanying notes to the financial statements.

The Humane Association of Wilson county, Inc.  
Notes to Financial Statements  
June 30, 2016

## **NOTE A- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Nature of Activities**

The Humane Association of Wilson County, inc. was organized in 1978 as a Tennessee not-for-profit corporation and is head quartered in Lebanon, Tennessee. The organization promotes educational, ethical and humane treatment of animals in Wilson County, Tennessee

### **Basis of Accounting**

The financial statements of the Organization have been prepared utilizing the accrual basis of accounting.

### **Basis of Presentation**

Under Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-profit Organizations*, the Organization 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.

### **Contributions**

Under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the absence or existence and nature of any donor restrictions. Under SFAS No. 116, time-restricted contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction.

### **Promise To Give**

Contributions are recognized when the donor makes a promise to give the Organization that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.



*notes continued*

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **Contributed Services**

The Organization receives donated services from a variety of unpaid volunteers assisting the Organization in the preservation of the facilities and education programs. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer efforts under SFAS No. 116 have not been satisfied. During the year ended June 30, 2016, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

### **Land, Buildings and Equipment**

Land, buildings and equipment are stated at cost, less accumulated depreciation. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. The cost and related accumulated depreciation of the property and equipment as of June 30, consisted of the following:

Construction-in-progress	\$ 20,000
Land and Buildings	381,677
Mobile Equipment	242,126
Equipment and Fixtures	115,912
	<u>759,715</u>
Less: Accumulated Depreciation	<u>(343,076)</u>
Property and Equipment, net	\$ <u>416,639</u>

Depreciation expense for the year ended June 30, 2016 was \$30,396.

### **Income Tax Status**

The Organization qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code, and therefore, has no provision for federal income taxes presented in the financial statements. At June 30, 2016, the Organization's tax returns related to fiscal years ended June 30, 2012 through June 30, 2015 remain open to examination by tax authorities.

### **Functional Expenses**

*notes continues*

Expenses are charged to each program based on direct expenditures incurred and have been summarized on the statement of functional expenses. Any program expenditures not directly chargeable are allocated among the programs and supported services benefited.

**Cash and Cash Equivalents**

For the purposes of the statement of cash flows, cash consists of cash on hand and in banks, including money market funds, and certificates with the original maturities of less than 90 days.

**Investment Securities**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

**Cash**

During the fiscal year, the Organization's cash bank balances did not exceed the federally insured limits. At June 30, 2016, the Organization did not have any uninsured cash balances.

**NOTE B- DESCRIPTION OF PROGRAMS****Community Services**

The Organization promotes educational activities including an adoption program and other programs to develop ethical and human treatment of animals in the community.

**NOTE C- RESTRICTIONS ON NET ASSETS**

At June 30, 2016, \$24,886.63 Clinic Expansion funds were restricted.

**NOTE D- SUBSEQUENT EVENTS**

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition and disclosure through September 26, 2016, the date the financial statements were available to be issued. August 19, 2016 the Association entered into a contract to Construct a Clinic Expansion Building. The

*notes continued*

contract amount was \$642,114. The construction project will be funded with donations from a local resident donor. The donor will make the donations in five phases as work is completed. The Association did not set up an allowance for uncollectible promises receivable. The Donor did set up a foundation to fund the construction project, and the Association believes the project will be funded.

**NOTE E- PRIOR PERIOD ADJUSTMENT**

Depreciation Expense Adjustment – Depreciation expense was understated for the year ended June 30, 2015. As a result the Association has restated the accompanying financial statements as of and for the year ended June 30, 2015.

Adjustments related to net assets are summarized as follows:

	<u>Unrestricted</u>
Change in Net Assets for the Year Ended June 30, 2015 Before Adjustment	\$ (92,706)
Add: Understatement of Depreciation Expense	<u>2,422</u>
Change in Net Assets for the Year Ended June 30, 2015 as restated	(95,128)
Net Assets – June 30, 2015 before Adjustment	<u>579,643</u>
Net Assets – June 30, 2015 as Restated	<u>\$ 577,221</u>

