

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

FINANCIAL STATEMENTS

For the Year Ended June 30, 2003

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

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of The Humane Association of Wilson County, Inc. (a nonprofit organization) as of June 30, 2003, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 that our audit provides 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 Humane Association of Wilson County, Inc. as of June 30, 2003, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Royce A. Belcher, CPA

January 5, 2004

THE HUMANE ASSOCIATION OF WILSON COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2003

Assets

Current Assets

Cash in Bank	\$ 262,412
Investments	<u>201,488</u>
Total Current Assets	<u>463,900</u>

Property and Equipment

Land and Building	320,418
Mobile Equipment	100,000
Equipment and Fixtures	<u>44,234</u>
	464,652
Less: Accumulated Depreciation	<u>(105,577)</u>
Net Property and Equipment	<u>359,075</u>

Other Assets

Deposits	475
Certificates of Deposit	<u>5,000</u>
Total Other Assets	<u>5,475</u>
Total Assets	<u>\$ 828,450</u>

The accompanying notes are an integral part of these financial statements.

THE HUMANE ASSOCIATION OF WILSON COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2003

Liabilities and Net Assets

Current Liabilities

Accounts Payable	\$ 965
Accrued Payroll	2,338
Payroll Taxes Payable	<u>4,153</u>
Total Current Liabilities	<u>7,456</u>

Net Assets

Net Unrealized Appreciation in Marketable Securities	(911)
Unrestricted	<u>821,905</u>
Total Net Assets	<u>820,994</u>
Total Liabilities and Net Assets	<u>\$ 828,450</u>

The accompanying notes are an integral part of these financial statements.

THE HUMANE ASSOCIATION OF WILSON COUNTY, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2003

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Public Support and Revenue:</u>			
Donations	\$ 477,435		\$ 477,435
Grants	-	34,125	34,125
Sponsored Clinics	38,828		38,828
Boarding Fees	625		625
Pet Adoptions, net	73,369		73,369
Pet Tax Receipts	35,969		35,969
Fund Raising	37,605		37,605
Dividends	1,374		1,374
Interest	<u>2,190</u>		<u>2,190</u>
Total Revenue	<u>667,395</u>	<u>34,125</u>	<u>701,520</u>
<u>Reclassifications:</u>			
Satisfaction of Usage Restrictions	<u>34,125</u>	<u>(34,125)</u>	<u>-</u>
Total Support and Revenue	<u>701,520</u>	<u>-</u>	<u>701,520</u>
<u>Expenses:</u>			
Program Services	282,803	-	282,803
Management and General	<u>49,221</u>	<u>-</u>	<u>49,221</u>
Total Expenses	<u>332,024</u>	<u>-</u>	<u>332,024</u>
Excess (Deficiency) of Public Support And Revenue Over Expenses	369,496	-	369,496
Net Assets, Beginning of Year	<u>451,498</u>	<u>-</u>	<u>451,498</u>
Net Assets, End of Year	\$ <u>820,994</u>	\$ <u>-</u>	\$ <u>820,994</u>

The accompanying notes are an integral part of these financial statements.

THE HUMANE ASSOCIATION OF WILSON COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2003

	<u>Program Services</u>			<u>Supporting Services</u>	
	<u>Shelter Services</u>	<u>Spay Station Services</u>	<u>Total</u>	<u>Management & General</u>	<u>Total (Memo Only)</u>
Advertising	\$ 3,486	\$ 1,128	\$ 4,614		\$ 4,614
Animal Training	350		350		350
Automobile Expense	817	2,999	3,816	775	4,591
Building and Equipment Repairs		4,656	4,656	3,038	7,694
Contract Labor	1,555		1,555		1,555
Dues and Subscriptions		100	100	904	1,004
Equipment Lease		361	361		361
Freight	1,350		1,350		1,350
Fundraising Expense	6,279	755	7,034		7,034
Insurance	6,302	3,823	10,125	4,339	14,464
Landfill Expense	2,139		2,139		2,139
Medical Supplies	10,299	16,986	27,285		27,285
Office Supplies			-	4,475	4,475
Payroll Taxes and Benefits	5,895	2,098	7,993	1,998	9,991
Postage and Delivery			-	2,244	2,244
Professional Education and Training	6,292		6,292		6,292
Professional Fees			-	1,175	1,175
Salaries	80,816	27,960	108,776	26,923	135,699
Security			-	300	300
Small Equipment	1,710		1,710		1,710
Supplies	8,589	456	9,045	254	9,299
Taxes and License		179	179	420	599
Telephone		3,089	3,089	2,169	5,258
Uniforms	510	20	530		530
Utilities	9,586	321	9,907		9,907
Veterinarian Fees	13,782	40,532	54,314		54,314
Total Expenses Before Depreciation and Amortization	159,757	105,463	265,220	49,014	314,234
Depreciation	6,978	10,605	17,583	207	17,790
Total Expenses	<u>\$ 166,735</u>	<u>\$ 116,068</u>	<u>\$ 282,803</u>	<u>\$ 49,221</u>	<u>\$ 332,024</u>

The accompanying notes are an integral part of these financial statements

THE HUMANE ASSOCIATION OF WILSON COUNTY, INC.
STATEMENT OF CASH FLOWS
Year Ended June 30, 2003

Cash Flows From Operating Activities:	
Increase in Net Assets	\$ 369,496
Adjustments to Reconcile Increase in Net Assets to Cash Provided by Operating Activities	
Depreciation	17,790
(Increase) Decrease in:	
Deposits	(475)
Increase (Decrease) in:	
Accounts Payable	3,303
Taxes Payable	<u>(3,006)</u>
Net Cash Provided By Operating Activities	<u>387,108</u>
Cash Flows From Investing Activities:	
Investment in Land	(228,047)
Investment in Building and Equipment	<u>(18,347)</u>
Net Cash Used By Investing Activities	<u>(246,394)</u>
Net Increase in Cash and Cash Equivalents	140,714
Cash and Cash Equivalents, Beginning of Year	<u>121,698</u>
Cash and Cash Equivalents, End of Year	\$ <u>262,412</u>

The accompanying notes are an integral part of these financial statements.

THE HUMANE ASSOCIATION OF WILSON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2003

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Humane Association of Wilson County, Inc. is an organization promoting educational, ethical and humane treatment of animals in Wilson County.

Basis of Accounting

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

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, 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 assets, and permanently restricted net assets.

Contributions

In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or 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.

Promises 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.

THE HUMANE ASSOCIATION OF WILSON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS-CONTINUED
June 30, 2003

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-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 Society receives donated services from a variety of unpaid volunteers assisting the Society 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 effort under SFAS No. 116 have not been satisfied.

During the year ended December 31, 2002, 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.

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.

Functional Expenses

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.

THE HUMANE ASSOCIATION OF WILSON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS-CONTINUED
June 30, 2003

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

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

At various times during the fiscal year, the Society's cash in bank balances exceeded the federally insured limits. At June 30, 2003, the Society's uninsured cash balances totaled \$101,909.

NOTE 2-DESCRIPTION OF PROGRAMS

Community Services

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

NOTE 3-INVESTMENT SECURITIES

Investments are stated at fair value and consist primarily of money market funds and mutual funds, as follows:

	Cost	Fair Value	Unrealized Appreciation
Money Market Funds	\$ 165,170	\$ 165,170	\$ -
Mutual Funds	<u>37,229</u>	<u>36,318</u>	<u>(911)</u>
	<u>\$ 202,399</u>	<u>\$ 201,488</u>	<u>\$ (911)</u>

Investment return is summarized as follows:

Interest income	\$ 2,190
Dividend income	<u>1,374</u>
Total unrestricted investment income	<u>\$ 3,564</u>

THE HUMANE ASSOCIATION OF WILSON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS-CONTINUED
June 30, 2003

NOTE 4- RESTRICTIONS ON NET ASSETS

At June 30, 2003, no funds were temporarily restricted.

END OF NOTES