



*Royce A. Belcher* Certified Public Accountant

1312 West Main Street • Lebanon, Tennessee 37087 • 615/444-1149 • Fax 615/444-6626

## 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, 2010, 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, 2010, 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*

December 16, 2010

**THE HUMANE ASSOCIATION OF WILSON COUNTY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2010**

**Assets**

**Current Assets**

Cash in Bank	\$ 307,106
Investments	266,567
Accounts Receivable	1,659
Prepaid Expense	<u>11,504</u>
Total Current Assets	<u>586,836</u>

**Property and Equipment**

Land and Building	331,354
Mobile Equipment	342,126
Equipment and Fixtures	<u>102,200</u>
	775,680
Less: Accumulated Depreciation	<u>(242,932)</u>
Net Property and Equipment	<u>532,748</u>

**Other Assets**

Deposits	1,010
Certificates of Deposit	<u>210,783</u>
Total Other Assets	<u>211,793</u>
Total Assets	<u>\$ 1,331,377</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, 2010**

**Liabilities and Net Assets**

**Current Liabilities**

Accounts Payable	\$ <u>6,615</u>
 Total Current Liabilities	 <u>6,615</u>

**Net Assets**

Net Unrealized Appreciation in Marketable Securities	6,210
Unrestricted	<u>1,318,552</u>
 Total Net Assets	 <u>1,324,762</u>
 Total Liabilities and Net Assets	 <u>\$1,331,377</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, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><u>Public Support and Revenue:</u></b>			
Program Services	\$ 259,576		\$ 259,576
Donations	202,688		202,688
Grants	-	175,720	175,720
Pet Adoptions, net	70,679		70,679
Pet Tax Receipts	32,672		32,672
Fund Raising	67,286		67,286
Dividends	5,942		5,942
Interest	<u>6,454</u>	<u>          </u>	<u>6,454</u>
 Total Revenue	 <u>645,297</u>	 <u>175,720</u>	 <u>821,017</u>
<b><u>Reclassifications:</u></b>			
Satisfaction of Usage Restrictions	<u>175,720</u>	<u>( 175,720)</u>	<u>          -</u>
 Total Support and Revenue	 <u>821,017</u>	 <u>          -</u>	 <u>821,017</u>
<b><u>Expenses:</u></b>			
Program Services	856,481	-	856,481
Management and General	<u>74,721</u>	<u>          -</u>	<u>74,721</u>
 Total Expenses	 <u>931,202</u>	 <u>          -</u>	 <u>931,202</u>
Excess (Deficiency) of Public Support And Revenue Over Expenses	(110,185)	-	(110,185)
 <b>Net Assets, Beginning of Year</b>	 <u>1,428,737</u>	 <u>          -</u>	 <u>1,428,737</u>
 <b>Net Assets, End of</b>	 <u>\$ 1,318,552</u>	 <u>\$       -</u>	 <u>\$ 1,318,552</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, 2010**

	Program Services				Supporting Services	Total (Memo Only)
	Shelter Services	Fix for Life	Spay Station Services	Total	Management & General	
Advertising	\$ 10,778	\$ 598	\$ 71	\$ 11,447		\$ 11,447
Angel Fund Expense	\$ 15,321			15,321		15,321
Animal Training	2,848			2,848		2,848
Automobile Expense	2,282	\$ 244	7,762	10,288		10,288
Bank Service Charges	2,795	50	30	2,875		2,875
Building and Equipment Repairs	2,852	1,142	50	4,044		4,044
Computer Services	98	343		441		441
Contract Labor	3,197	3,665	733	7,595		7,595
Dues and Subscriptions	1,179			1,179		1,179
Employee Expenses				-		-
Fundraising Expense	25,619		363	25,982		25,982
Insurance	25,065	6,937	3,519	35,521	358	35,879
Meals	2,171	1,440	158	3,769		3,769
Medical Supplies	19,562	67,220	18,961	105,743		105,743
Newsletter/Promotion	991			991		991
Office Supplies	9,131	3,190	875	13,196		13,196
Payroll Taxes and Benefits	10,791	9,632	3,659	24,082	5,505	29,587
Postage and Delivery	3,212	55	104	3,371		3,371
Professional Education and Training	870			870		870
Professional Fees	15,697			15,697		15,697
Salaries	189,036	117,216	44,910	351,162	68,812	419,974
Rent	1,561	12,790		14,351		14,351
Supplies	8,491	2,505	348	11,344		11,344
Taxes and License	1,699	2,205	1,593	5,497		5,497
Telephone	3,524	1,319	2,457	7,300		7,300
Travel	2,409	924	289	3,622		3,622
Uniforms	280			280		280
Utilities	13,014	10,902	875	24,791		24,791
Veterinarian Fees	4,868	69,098	35,890	109,856		109,856
Total Expenses Before Depreciation and Amortization	379,341	311,475	122,647	813,463	74,675	888,138
Depreciation	2,020	10,589	30,409	43,018	46	43,064
Total Expenses	<u>\$ 381,361</u>	<u>\$ 322,064</u>	<u>\$ 153,056</u>	<u>\$ 856,481</u>	<u>\$ 74,721</u>	<u>\$ 931,202</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, 2010**

**Cash Flows From Operating Activities:**

Increase in Net Assets \$ 110,185

Adjustments to Reconcile Increase in

Net Assets to Cash Provided by Operating Activities

Depreciation 43,064

(Increase) Decrease in:

Accounts Payable (14,519)

Accounts Receivable 8,065

Prepaid Expenses (11,504)

**Net Cash Provided By Operating Activities** (85,079)

**Cash Flows From Investing Activities:**

Acquisition of Equipment (247,849)

**Net Cash Used By Investing Activities** (247,849)

**Cash Flows From Financing Activities:**

Decrease in Investments (5,860)

Investment in Certificates of Deposit (25,476)

**Net Cash Used By Financing Activities** (31,336)

**Net Increase in Cash and Cash Equivalents** (364,264)

**Cash and Cash Equivalents, Beginning of Year** 671,370

**Cash and Cash Equivalents, End of Year** \$ 307,106

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

**THE HUMANE ASSOCIATION OF WILSON COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

**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, 2010**

**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 June 30, 2010, 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, 2010**

**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, 2010, the Society did not have any uninsured cash balances.

**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	\$ 221,234	\$ 221,234	\$ -
Mutual Funds	<u>39,122</u>	<u>45,332</u>	<u>6,210</u>
	\$ <u>260,356</u>	\$ <u>266,566</u>	\$ <u>6,210</u>

Investment return is summarized as follows:

Interest income	\$ 6,454
Dividend income	<u>5,942</u>
Total unrestricted investment income	\$ <u>12,396</u>

**THE HUMANE ASSOCIATION OF WILSON COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS-CONTINUED**  
**June 30, 2010**

**NOTE 4- RESTRICTIONS ON NET ASSETS**

At June 30, 2010, no funds were temporarily restricted.

**END OF NOTES**