

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

For the Year ended June 30, 2005

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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, 2005, 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, 2005, 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 30, 2005

THE HUMANE ASSOCIATION OF WILSON COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2005

Assets

Current Assets

Cash in Bank	\$ 176,268
Investments	214,568
Accounts Receivable	<u>10,032</u>
Total Current Assets	<u>400,868</u>

Property and Equipment

Land and Building	320,418
Mobile Equipment	100,000
Equipment and Fixtures	<u>44,824</u>
	465,242
Less: Accumulated Depreciation	<u>(141,661)</u>
Net Property and Equipment	<u>323,581</u>

Other Assets

Deposits	475
Certificates of Deposit	<u>175,518</u>
Total Other Assets	<u>175,993</u>
Total Assets	<u>\$ 900,442</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, 2005

Liabilities and Net Assets

Current Liabilities

Accounts Payable	\$ 4,239
Accrued Payroll	965
Payroll Taxes Payable	<u>832</u>
Total Current Liabilities	<u>6,036</u>

Net Assets

Net Unrealized Appreciation in Marketable Securities	10,659
Unrestricted	<u>883,747</u>
Total Net Assets	<u>894,406</u>
Total Liabilities and Net Assets	<u>\$ 900,442</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, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Public Support and Revenue:</u>			
Donations	\$ 201,016		\$ 201,016
Grants	-	25,155	25,155
Pet Adoptions, net	76,852		76,852
Pet Tax Receipts	35,760		35,760
Fund Raising	46,765		46,765
Dividends	2,026		2,026
Interest	<u>2,567</u>		<u>2,567</u>
Total Revenue	<u>364,986</u>	<u>25,155</u>	<u>390,141</u>
<u>Reclassifications:</u>			
Satisfaction of Usage Restrictions	<u>25,155</u>	<u>(25,155)</u>	<u>-</u>
Total Support and Revenue	<u>390,141</u>	<u>-</u>	<u>390,141</u>
<u>Expenses:</u>			
Program Services	303,454	-	303,454
Management and General	<u>33,726</u>	<u>-</u>	<u>33,726</u>
Total Expenses	<u>337,180</u>	<u>-</u>	<u>337,180</u>
Excess (Deficiency) of Public Support And Revenue Over Expenses	52,961	-	52,961
Net Assets, Beginning of Year	<u>830,786</u>	<u>-</u>	<u>830,786</u>
Net Assets, End of Year	\$ <u>883,747</u>	\$ <u>-</u>	\$ <u>883,747</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, 2005

	<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	\$ 2,069	\$ 455	\$ 2,524		\$ 2,524
Animal Training	2,815		2,815		2,815
Automobile Expense	6,680	2,957	9,637		9,637
Building and Equipment Repairs	4,790	2,574	7,364		7,364
Contract Labor	5,790		5,790		5,790
Dues and Subscriptions	536		536		536
Equipment Lease			-		-
Freight			-		-
Fundraising Expense	10,301	321	10,622		10,622
Insurance	6,453	3,432	9,885		9,885
Medical Supplies	17,527	14,369	31,896		31,896
Newsletter/Promotion	5,763		5,763		5,763
Office Supplies	3,988	355	4,343		4,343
Payroll Taxes and Benefits	9,051	3,149	12,200	1,888	14,088
Postage and Delivery			-	1,499	1,499
Professional Education and Training	1,707		1,707	225	1,932
Professional Fees			-	4,193	4,193
Salaries	72,617	31,792	104,409	22,212	126,621
Security			-		-
Small Equipment			-		-
Supplies	13,238	1,415	14,653		14,653
Taxes and License	1,948	2,015	3,963		3,963
Telephone		346	346	3,231	3,577
Uniforms	37	50	87		87
Utilities	10,579	392	10,971		10,971
Veterinarian Fees	13,558	33,289	46,847		46,847
Total Expenses Before					
Depreciation and Amortization	189,447	96,911	286,358	33,248	319,606
Depreciation	7,096	10,000	17,096	478	17,574
Total Expenses	\$ 196,543	\$ 106,911	\$ 303,454	\$ 33,726	\$ 337,180

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, 2005

Cash Flows From Operating Activities:	
Increase in Net Assets	\$ 52,961
Adjustments to Reconcile Increase in Net Assets to Cash Provided by Operating Activities	
Depreciation	17,574
(Increase) Decrease in:	
Accounts Payable	(2,887)
Taxes Payable	(3,185)
Accounts Receivable	<u>(10,032)</u>
Net Cash Provided By Operating Activities	<u>54,431</u>
Cash Flows From Investing Activities:	
Investment in Building and Equipment	<u>-</u>
Net Cash Used By Investing Activities	<u>-</u>
Cash Flows From Financing Activities:	
Increase in Investments	(2,024)
Investment in Certificates of Deposit	<u>(150,518)</u>
Net Cash Used By Financing Activities	<u>(152,542)</u>
Net Increase in Cash and Cash Equivalents	(98,111)
Cash and Cash Equivalents, Beginning of Year	<u>274,379</u>
Cash and Cash Equivalents, End of Year	\$ <u>176,268</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, 2005

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, 2005

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, 2005, 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, 2005

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, 2005, the Society's uninsured cash balances totaled \$68,873.

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	\$ 167,146	\$ 167,146	\$ -
Mutual Funds	<u>36,763</u>	<u>47,422</u>	<u>10,659</u>
	<u>\$ 203,909</u>	<u>\$ 214,568</u>	<u>\$ 10,659</u>

Investment return is summarized as follows:

Interest income	\$ 2,567
Dividend income	<u>2,026</u>
Total unrestricted investment income	<u>\$ 4,593</u>

THE HUMANE ASSOCIATION OF WILSON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS-CONTINUED
June 30, 2005

NOTE 4- RESTRICTIONS ON NET ASSETS

At June 30, 2005, no funds were temporarily restricted.

END OF NOTES