

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

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

For the Year ended June 30, 2011

CLIENT COPY



Royce A. Belcher Certified Public Accountant

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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, 2011, 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, 2011, 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, 2011

Assets

Current Assets

Cash in Bank	\$ 117,995
Investments	279,314
Accounts Receivable	960
Prepaid Expense	<u>11,279</u>
Total Current Assets	<u>409,548</u>

Property and Equipment

Land and Building	355,602
Mobile Equipment	242,126
Equipment and Fixtures	<u>102,200</u>
	699,928
Less: Accumulated Depreciation	<u>(179,284)</u>
Net Property and Equipment	<u>520,644</u>

Other Assets

Deposits	1,010
Certificates of Deposit	<u>382,504</u>
Total Other Assets	<u>383,514</u>
Total Assets	<u>\$ 1,313,706</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, 2011

Liabilities and Net Assets

Current Liabilities

Accounts Payable	\$ <u>5,899</u>
 Total Current Liabilities	 <u>5,899</u>

Net Assets

Net Unrealized Appreciation in Marketable Securities	18,931
Unrestricted	<u>1,288,876</u>
 Total Net Assets	 <u>1,307,807</u>
 Total Liabilities and Net Assets	 <u>\$1,313,706</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, 2011

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
<u>Public Support and Revenue:</u>			
Program Services	\$ 227,929		\$ 227,929
Donations	108,553		108,553
Grants	-	197,144	197,144
Gain on disposal of Assets	25,000		25,000
Pet Adoptions, net	120,295		120,295
Pet Tax Receipts	15,536		15,536
Fund Raising	125,702		125,702
Dividends	26		26
Interest	<u>3,849</u>		<u>3,849</u>
Total Revenue	<u>626,890</u>	<u>197,144</u>	<u>824,034</u>
<u>Reclassifications:</u>			
Satisfaction of Usage Restrictions	<u>197,144</u>	<u>(197,144)</u>	<u>-</u>
Total Support and Revenue	<u>824,034</u>	<u>-</u>	<u>824,034</u>
<u>Expenses:</u>			
Program Services	789,146	-	789,146
Management and General	<u>64,564</u>	<u>-</u>	<u>64,546</u>
Total Expenses	<u>853,710</u>	<u>-</u>	<u>863,710</u>
Excess (Deficiency) of Public Support And Revenue Over Expenses	(29,676)	-	(29,676)
Net Assets, Beginning of Year	<u>1,318,552</u>	<u>-</u>	<u>1,318,552</u>
Net Assets, End of	\$ <u>1,288,876</u>	\$ <u>-</u>	\$ <u>1,288,876</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, 2011

	Program Services				Supporting Services	
	Shelter Services	Fix for Life	Spay Station Services	Total	Management & General	Total (Memo Only)
Advertising	\$ 13,422	\$ 560	\$ 27	\$ 14,009		\$ 14,009
Angel Fund Expense	10,431			10,431		10,431
Animal Training	900			900		900
Automobile Expense	4,176	118	2,738	7,032		7,032
Bank Service Charges	3,476	674	45	4,195		4,195
Building and Equipment Repairs	4,100	65		4,165		4,165
Computer Services				-		-
Contract Labor				-		-
Dues and Subscriptions	642			642		642
Employee Expenses				-		-
Fundraising Expense	45,192		363	45,555		45,555
Insurance	16,957	1,528	4,258	22,743		22,743
Meals	1,177	924	212	2,313		2,313
Medical Supplies	19,905	39,230	5,435	64,570		64,570
Newsletter/Promotion				-		-
Office Supplies	7,217	1,813	316	9,346		9,346
Payroll Taxes and Benefits	34,760	10,350	10,365	55,475	6,830	62,305
Postage and Delivery	1,005	49		1,054		1,054
Professional Education and Training				-		-
Professional Fees	4,070	300		4,370		4,370
Salaries	206,964	90,801	33,778	331,543	57,734	389,277
Rent	2,341	17,347		19,688		19,688
Supplies	8,983	1,048	40	10,071		10,071
Taxes and License	1,576	1,961		3,537		3,537
Telephone	2,806	1,183	1,539	5,528		5,528
Travel				-		-
Uniforms	207	70		277		277
Utilities	14,730	10,677	855	26,262		26,262
Veterinarian Fees	14,858	58,955	35,275	109,088		109,088
Total Expenses Before Depreciation and Amortization	419,895	237,653	95,246	752,794	64,564	817,358
Depreciation	1,383	10,756	24,213	36,352		36,352
Total Expenses	<u>\$ 421,278</u>	<u>\$ 248,409</u>	<u>\$ 119,459</u>	<u>\$ 789,146</u>	<u>\$ 64,564</u>	<u>\$ 853,710</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, 2011

Cash Flows From Operating Activities:

Increase in Net Assets \$ (29,676)

Adjustments to Reconcile Increase in

Net Assets to Cash Provided by Operating Activities

Depreciation 36,352

(Increase) Decrease in:

Accounts Payable (716)

Accounts Receivable 699

Prepaid Expenses 225

Net Cash Provided By Operating Activities 6,884

Cash Flows From Investing Activities:

Acquisition of Equipment (24,360)

Net Cash Used By Investing Activities (24,360)

Cash Flows From Financing Activities:

Increase in Investments (171,635)

Net Cash Used By Financing Activities (171,635)

Net Increase in Cash and Cash Equivalents (189,111)

Cash and Cash Equivalents, Beginning of Year 307,106

Cash and Cash Equivalents, End of Year \$ 117,995

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

THE HUMANE ASSOCIATION OF WILSON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1- 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 headquartered in Lebanon, Tennessee. The organization promotes 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, 2011

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, 2011, 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. At June 30, 2011, the Organization's tax returns related to fiscal years ended June 30, 2007 through June 30, 2010 remain open to examination by tax authorities.

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, 2011

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, 2011, 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	\$ 221,261	\$ 221,261	\$ -
Mutual Funds	<u>39,122</u>	<u>58,053</u>	<u>18,931</u>
	\$ <u>260,383</u>	\$ <u>279,314</u>	\$ <u>18,931</u>

Investment return is summarized as follows:

Interest income	\$ 3,849
Dividend income	<u>26</u>
Total unrestricted investment income	\$ <u>3,875</u>

THE HUMANE ASSOCIATION OF WILSON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS-CONTINUED
June 30, 2011

NOTE 4- RESTRICTIONS ON NET ASSETS

At June 30, 2011, no funds were temporarily restricted.

NOTE 5 – SUBSEQUENT EVENTS

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition and disclosure through October 31, 2011, the date the financial statements were available to be issued.

END OF NOTES