

HUMANE SOCIETY OF MANATEE COUNTY, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2008

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FINANCIAL STATEMENTS

Year Ended December 31, 2008

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INDEPENDENT AUDITORS' REPORT

Board of Directors  
Humane Society of Manatee County, Inc.  
Bradenton, Florida

We have audited the accompanying statement of financial position of Humane Society of Manatee County, Inc. (Humane Society) as of December 31, 2008, and the related statement of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of Humane Society'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 audits 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 the 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 in the first paragraph present fairly, in all material respects, the financial position of Humane Society of Manatee County, Inc. as of December 31, 2008, and the changes in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

  
CERTIFIED PUBLIC ACCOUNTANTS

Bradenton, Florida  
February 5, 2009

HUMANE SOCIETY OF MANATEE COUNTY, INC.  
STATEMENT OF FINANCIAL POSITION  
December 31, 2008

ASSETS

Cash and cash equivalents	\$	37,900
Accounts receivable		2,279
Pledges receivable, less discount of \$3,251 in 2008		38,749
Cash restricted to veterinary care		5,227
Deposits		319
Investments		204,895
Beneficial interest in the net assets of the Manatee Community Foundation		7,404
Building and equipment at cost, less accumulated depreciation of \$141,292 in 2008 and \$113,514 in 2007		<u>341,548</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u><u>638,321</u></u></b>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$	8,155
Capital lease obligation		<u>3,773</u>
Total liabilities		11,928
Net assets:		
Unrestricted		582,417
Temporarily restricted		<u>43,976</u>
Total net assets		<u>626,393</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b><u><u>638,321</u></u></b>

See accompanying notes.

HUMANE SOCIETY OF MANATEE COUNTY, INC.  
STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2008

	Unrestricted	Temporarily Restricted	Total
Revenues, Gains, (Losses) and Other Support			
Programs	\$ 50,334	\$ -	\$ 50,334
Foundations and bequests	98,887	38,749	137,636
Donations and grants	255,932	321	256,253
Low cost spay/neuter fees	61,402	-	61,402
Membership dues	40	-	40
Fund-raising - special events	77,008	-	77,008
Merchandise sales	1,621	-	1,621
Rental income	3,000	-	3,000
Medical clinic	119,260	-	119,260
Miscellaneous	2,158	-	2,158
Investment income	3,366	-	3,366
Net realized and unrealized			
losses on investments	(48,505)	-	(48,505)
Loss on sale of investment property	(77,813)	-	(77,813)
Net assets released from			
restrictions:	<u>2,836</u>	<u>(2,836)</u>	<u>-</u>
Total Revenues, Gains and Other Support	<u>549,526</u>	<u>36,234</u>	<u>585,760</u>
Expenses:			
Program services	881,857	-	881,857
Supporting services:			
Management and general	96,911	-	96,911
Fund-raising	<u>128,898</u>	<u>-</u>	<u>128,898</u>
Total Expenses	<u>1,107,666</u>	<u>-</u>	<u>1,107,666</u>
Change in net assets	(558,140)	36,234	(521,906)
Net assets at beginning of year	<u>1,140,557</u>	<u>7,742</u>	<u>1,148,299</u>
Net assets at end of year	<u>\$ 582,417</u>	<u>\$ 43,976</u>	<u>\$ 626,393</u>

See accompanying notes.

HUMANE SOCIETY OF MANATEE COUNTY, INC.  
STATEMENT OF CASH FLOWS  
Year Ended December 31, 2008

Cash flows from operating activities:	
Change in net assets	\$ (521,906)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	27,778
Loss on sale of investment property	77,813
Net realized and unrealized losses (gains) on investments	48,505
(Increase) decrease in assets:	
Accounts and pledges receivable	(41,028)
Deposits	25,000
Beneficial interest	2,596
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	<u>(41,626)</u>
Net cash flow from operating activities	<u>(422,868)</u>
Cash flows from investing activities:	
Proceeds from sale of building	384,771
Proceeds from sale of investments	76,960
Capital expenditures for property and equipment	<u>(17,689)</u>
Net cash flow from investing activities	<u>444,042</u>
Cash flows from financing activities:	
Payments on capital lease obligation	<u>(1,188)</u>
Net cash flow from financing activities	<u>(1,188)</u>
Net increase (decrease) in cash and cash equivalents	19,986
Cash and cash equivalents at beginning of year	<u>23,141</u>
Cash and cash equivalents at end of year	<u><u>\$ 43,127</u></u>

See accompanying notes.

HUMANE SOCIETY OF MANATEE COUNTY, INC.  
STATEMENT OF CASH FLOWS – CONTINUED  
Year Ended December 31, 2008

Supplemental disclosure:

Cash paid for interest	\$ <u>600</u>
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Reconciliation of cash and cash equivalents:

Cash and cash equivalents	\$ 37,900
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Cash restricted to veterinary care	<u>5,227</u>
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	<u>\$ 43,127</u>
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See accompanying notes.

HUMANE SOCIETY OF MANATEE COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2008

	<u>Supporting Services</u>			Total Expenses
	Program Services	Management & General	Fundraising	
Leased Payroll and Benefits	\$ 510,535	\$ 75,430	\$ 51,422	\$ 637,387
Adoption Clinic Expenses	29,683	-	-	30,126
Public Clinic	156,295	-	-	155,852
Low cost spay/neuter	325	-	-	325
Medical Supplies	62,951	-	-	62,951
Office Expense	12,993	1,624	1,625	16,242
Utilities	18,655	2,332	2,332	23,319
Repairs and Maintenance	10,413	1,301	1,303	13,017
Insurance	15,230	4,300	1,904	21,434
Equipment Leases	4,143	518	518	5,179
Telephone	8,346	1,044	1,042	10,432
Printing and Reproduction	10,312	128	4,611	15,051
Professional Fees	11,094	2,086	8,193	21,373
Advertising and Marketing	2,182	402	401	2,985
Travel and Entertainment	1,237	216	-	1,453
Fundraiser Expense	-	-	46,607	46,607
Volunteer Expenses	842	-	-	842
Dues and Subscriptions	626	-	-	626
Postage	3,075	-	8,940	12,015
Investment expense	-	1,974	-	1,974
Temporary staff	698	-	-	698
	<u>859,635</u>	<u>91,355</u>	<u>128,898</u>	<u>1,079,888</u>
Total expenses before depreciation				
Depreciation	<u>22,222</u>	<u>5,556</u>	<u>-</u>	<u>27,778</u>
Total expenses	<u>\$ 881,857</u>	<u>\$ 96,911</u>	<u>\$ 128,898</u>	<u>\$ 1,107,666</u>

See accompanying notes.

HUMANE SOCIETY OF MANATEE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization – Humane Society of Manatee County, Inc. (“Humane Society” or the “Organization”) was organized in 1973 as a non-profit corporation under the laws of the State of Florida. Humane Society serves the residents of Manatee County by promoting the welfare of animals through its adoption and various veterinary services programs. Funding sources include program service fees, private donations and membership dues.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation – In accordance with Statement of Accounting Standard (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. In addition, the Organization is required to present a statement of cash flows. As of December 31, 2008 there were temporarily restricted net assets of \$43,976.

Contributions – Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted support received in the current year whose restriction is met in the same reporting period is recorded as unrestricted support in the statement of activities.

Cash Equivalents – Cash equivalents consist of short-term, high liquid investments, which are readily convertible into cash within ninety (90) days of purchase. Cash and cash equivalents also do not include cash held by investment managers and designated for investment.

Investments - The Humane Society carries investments in marketable securities with readily determinable fair values at their fair values in the statement of financial position. Securities not publicly traded are stated at cost. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

HUMANE SOCIETY OF MANATEE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fixed Assets – Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment are carried at cost, or, if donated, at the approximate fair value at the date of donation. Depreciation is computed on a straight-line basis over the useful lives of the asset generally as follows:

Building and improvements	10 – 40 years
Furniture and equipment	5 – 10 years

Functional Allocation of Expenses – The costs of providing the various programs and supporting services have been summarized on a functional basis in the Statement of Activities. Costs are allocated between management and general, or the appropriate program based on evaluations of the related benefits. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Contributed Services and Materials – During the year ended December 31, 2008, services and materials donated to the Organization by various individuals for repairs and maintenance were approximately \$2,460, recorded at fair market value at the date of donation, and have been included in revenue and expenses for the respective year.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization in accomplishing its mission, but these services do not meet the criteria for recognition as contributed services.

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.

Income Taxes – Humane Society is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, Humane Society has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended December 31, 2008.

Compensated Absences – Vacation and sick time are paid when taken. Any unused vacation time is paid out at the end of each year.

HUMANE SOCIETY OF MANATEE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2008

NOTE B – INVESTMENTS

Investments held by the Humane Society at December 31, 2008 were as follows:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Cash and money	\$ 101,978	\$ 101,978	\$ -
Fixed income	<u>148,744</u>	<u>102,917</u>	<u>(45,827)</u>
	<u>\$ 250,722</u>	<u>\$ 204,895</u>	<u>\$ (45,827)</u>

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Depreciation expense for the year ended December 31, 2008 was \$27,778. The cost and accumulated depreciation are as follows:

Land	\$ 85,359
Building	175,760
Building improvements	76,865
Furniture, fixtures and equipment	95,416
Software	39,085
Vehicles	<u>10,355</u>
	482,840
Less accumulated depreciation	<u>(141,292)</u>
	<u>\$ 341,548</u>

NOTE D – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31, 2008:

Marlie's Fund	\$ 5,227
Time restricted pledges	<u>38,749</u>
Total	<u>\$ 43,976</u>

HUMANE SOCIETY OF MANATEE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2008

NOTE E – CAPITAL LEASE OBLIGATION

The Organization has a capitalized rental obligation under a lease for equipment. The obligation, which expires in 2011, represents the total present value of future rental payments discounted at the interest rate implicit in the lease. Future minimum lease payments under the capital lease at December 31, 2008 consist of the following:

Year 2009		\$	1,788
2010			1,788
2011			893
Total minimum lease payments			4,469
Less amount representing interest			(696)
Present value of net minimum lease payments		\$	3,773
Current portion			1,359
Long term portion			2,414
		\$	3,773

NOTE F – UNCONDITIONAL PROMISE TO GIVE

Included in receivables are the following unconditional promises to give:

Anonymous unconditional promises to give		\$	42,000
Less unamortized discount			3,251
Net unconditional promises to give - capital campaign			38,749
Gross amounts due in:			
Less than one year			8,000
One to five years			34,000
Total		\$	42,000

Discount rate is 4% for the year ended December 31, 2008.

Humane Society of Manatee County, Inc. believes the unconditional promise to give to be collectible; consequently no reserve allowance has been established.