

HUMANE SOCIETY OF MANATEE COUNTY, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

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January 28, 2012

TO THE BOARD OF DIRECTORS  
Humane Society of Manatee County, Inc.  
Bradenton, Florida

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statement of financial condition of Humane Society of Manatee County, Inc. as of September 30, 2011 and the related statements of activities and changes in net assets, 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 Humane Society of Manatee County, Inc. as of September 30, 2011 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Bobbitt, Pittenger & Company, P.A.*

Certified Public Accountants



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HUMANE SOCIETY OF MANATEE COUNTY, INC.  
STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2011

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ASSETS

Cash and cash equivalents	\$ 213,446
Accounts receivable	37,257
Prepaid expenses	4,324
Property and equipment, net	<u>398,925</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 653,952</u></u></b>

LIABILITIES AND NET ASSETS

<b>Liabilities:</b>	
Accounts payable and accrued expenses	\$ 18,336
Deferred revenue	<u>62,080</u>
Total liabilities	80,416
<b>Net assets:</b>	
Unrestricted	570,261
Temporarily restricted	<u>3,275</u>
Total net assets	<u>573,536</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>\$ 653,952</u></u></b>

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See accompanying notes.

HUMANE SOCIETY OF MANATEE COUNTY, INC.  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
For the Year Ended September 30, 2011

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Changes in unrestricted net assets:	
Revenues and gains:	
Programs	\$ 28,705
Donations and grants	373,690
Fund-raising-special events	79,384
Medical clinic	414,548
Miscellaneous	598
Loss on disposal of equipment	( 3,298)
Investment income	270
	893,897
Net assets released from restrictions	106
Total unrestricted revenue, gains, and other support	894,003
Expenses:	
Program services	596,308
Management and general	83,598
Fund-raising	90,090
Total expenses	769,996
Change in unrestricted net assets	124,007
Changes in temporarily restricted net assets:	
Net assets released from restrictions	( 106)
Change in temporarily restricted net assets	( 106)
Change in net assets	123,901
Net assets, beginning of year	449,635
Net assets, end of year	\$ 573,536

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See accompanying notes.

HUMANE SOCIETY OF MANATEE COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended September 30, 2011

	Program Services	General and Administrative	Fundraising	Total
Leased payroll and benefits	\$ 385,774	\$ 53,237	\$ 31,407	\$ 470,418
Second Chance expenses	11,118	--	--	11,118
Public clinic	88,070	--	--	88,070
Medical supplies	6,755	--	--	6,755
Shelter supplies	5,488	--	--	5,488
Retail merchandise	24,308	--	--	24,308
Office supplies	1,456	402	744	2,602
Utilities	12,884	1,747	1,882	16,513
Repairs and maintenance	2,475	337	363	3,175
Insurance	10,866	3,498	1,600	15,964
Equipment leases	4,416	262	282	4,960
Telephone	6,013	822	885	7,720
Donor Cultivation	--	--	873	873
Interest	--	1,045	--	1,045
Professional fees	--	11,419	--	11,419
Advertising and marketing	553	553	--	1,106
Travel and entertainment	1,830	71	--	1,901
Bank and other fees	4,589	3,589	676	8,854
Fundraiser expense	--	--	45,595	45,595
Printing and copying	24	323	564	911
Postage and mailing	45	1,014	1,233	2,292
Miscellaneous	3,175	1,242	188	4,605
Software and graphics	679	513	--	1,192
<b>Total expenses before depreciation</b>	<b>570,518</b>	<b>80,074</b>	<b>86,292</b>	<b>736,884</b>
Depreciation	25,790	3,524	3,798	33,112
<b>Total expenses</b>	<b>\$ 596,308</b>	<b>\$ 83,598</b>	<b>\$ 90,090</b>	<b>\$ 769,996</b>

See accompanying notes.

HUMANE SOCIETY OF MANATEE COUNTY, INC.  
STATEMENT OF CASH FLOWS  
For the Year Ended September 30, 2011

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Cash flows from operating activities:	
Change in net assets	\$ 123,901
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	33,112
Loss on disposal of equipment	3,298
Change in operating assets and liabilities:	
Accounts receivable	( 15,898)
Bequest receivable	120,179
Prepaid expenses	738
Deposits	149
Accounts payable and accrued expenses	( 47,508)
Deferred revenue	47,050
	<hr/>
Net cash provided by operating activities	265,021
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Cash flows from investing activities:	
Purchase of property and equipment	( 42,139)
Net cash used by investing activities	( 42,139)
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Cash flows from financing activities:	
Payments on note payable	( 31,669)
Payments on capital lease obligation	( 1,268)
Net cash used by financing activities	( 32,937)
	<hr/>
Net change in cash and cash equivalents	189,945
Cash and cash equivalents at beginning of year	<hr/> 23,501
Cash and cash equivalents at end of year	<hr/> <hr/> \$ 213,446
 Supplemental disclosure of cash flow information:	
Cash paid for interest	<hr/> <hr/> \$ 1,045

See accompanying notes.

HUMANE SOCIETY OF MANATEE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
Years Ended September 30, 2011

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization – Humane Society of Manatee County, Inc. (the “Organization”) was organized in 1973 as a non-profit corporation under laws of the State of Florida. The Organization 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.

Cash and Cash Equivalents – The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable: The Organization records accounts receivables at their net realizable value. An allowance for doubtful accounts is established based on specific assessment of all amounts that remain unpaid following normal payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period the determination is made. As of September 30, 2011, all receivables are considered fully collectible.

Property and Equipment – The Organization records its property and equipment at cost or at fair market value, if donated. Depreciation of buildings and equipment is provided for using the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives of assets range from 3 to 10 years for furniture, fixtures and equipment and 5 to 40 years for the building and related improvements. Maintenance and repair costs are expensed as incurred.

Deferred Revenue: Revenue from special events is recognized in the year the event occurs. Revenue received in the fiscal year prior to the event is deferred.

Contributions – Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

HUMANE SOCIETY OF MANATEE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
Years Ended September 30, 2011

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Donated Services – A substantial number of volunteers donated significant amounts of time to the Organization's program services and to its fund-raising campaigns. The estimated value of these donated services has not been recorded in the accompanying financial statements. Donated services are recognized when the service would typically require purchase of services due to the requirement of specialized skills and the donor possesses such skills.

Functional Allocation of Expenses – The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising – Advertising expense was \$1,106 for the year ended September 30, 2011 and was expensed as incurred.

Income Taxes: The Organization is generally exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. The Organization is required to pay income taxes on the excess of revenues derived from activities unrelated to the tax-exempt purpose of the Organization over the related expenses.

On October 1, 2009 (the effective date), the Organization adopted the provisions of Accounting Standard Codification 740 related to accounting for uncertainty in income taxes. This provision requires all tax positions that meet a more-likely-than-not recognition threshold at the effective date be recognized (or continue to be recognized) upon adoption.

Management has reviewed their tax positions and concluded no liability or uncertain tax positions, or any interest or penalties related to uncertain tax positions, should be recognized in the Organization's financial statements. Accordingly, no provision for income taxes has been included in the financial statements.

The Organization files income tax returns in the United States of America. With few exceptions, the Organization's tax returns are subject to income tax examination by tax authorities for tax years ending on or after September 30, 2008.

Use of 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.

HUMANE SOCIETY OF MANATEE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
Years Ended September 30, 2011

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Subsequent Events: The Organization has evaluated all subsequent events through January 28, 2012, the date the financial statements were available to be issued. No material subsequent events occurred which would have a material impact on the Organization's financial statements.

NOTE B – PROPERTY AND EQUIPMENT

Property and equipment are as follows at September 30, 2011:

Land	\$ 85,359
Building	175,760
Building improvements	178,108
Furniture, fixtures, and equipment	121,610
Computers and software	14,554
Vehicles	<u>18,500</u>
	593,891
Less accumulated depreciation	<u>194,966</u>
Property and equipment, net	<u>\$ 398,925</u>

Depreciation expense was \$33,112 for the year ended September 30, 2011.

NOTE C – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the cash restricted for veterinary care in the amount of \$3,275 as of September 30, 2011.

NOTE D – LINE OF CREDIT

During 2011, the Organization established a line of credit with a local bank in the amount of \$100,000. The line of credit is secured by real property held by the Organization, has an interest rate of 1 percent above prime (4.25% at September 30, 2011) and not less than 5.99 percent and matures on January 31, 2012. There was no amount outstanding on the line of credit as of September 30, 2011.