



ANIMAL WELFARE SOCIETY, INC.

**AUDIT OF FINANCIAL STATEMENTS
AND
ADDITIONAL INFORMATION**

YEAR ENDED MARCH 31, 2010

ANIMAL WELFARE SOCIETY, INC.
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AND
ADDITIONAL INFORMATION
YEAR ENDED MARCH 31, 2010

	<u>PAGE</u>
 <u>FINANCIAL STATEMENTS</u>	
Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 11
 <u>ADDITIONAL INFORMATION</u>	
Independent Auditors' Report	12
Schedule of Functional Expenses	13

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INDEPENDENT AUDITORS' REPORT

August 18, 2010

Board of Directors
Animal Welfare Society, Inc.
Kennebunk, Maine

We have audited the accompanying statement of financial position of the Animal Welfare Society, Inc. as of March 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Society's March 31, 2009 financial statements and, in our report dated October 21, 2009, we expressed an unqualified opinion on those financial statements.

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 Animal Welfare Society, Inc. as of March 31, 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.

Cummings, Lamont & McNamee PA

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Kennebunk, Maine

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ANIMAL WELFARE SOCIETY, INC.

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2010

WITH COMPARATIVE TOTALS FOR MARCH 31, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	March 31, 2009 Total (Memorandum Only)
ASSETS					
Cash	\$ 83,111	\$ 50,105	\$ -	\$ 133,216	\$ 184,092
Accounts receivable	2,243	-	-	2,243	4,783
Investments	1,459,610	-	224,989	1,684,599	1,167,608
Inventory	19,088	-	-	19,088	16,819
Prepaid expenses	6,971	5,000	-	11,971	9,006
Beneficial interest in charitable trusts	119,171	20,751	171,478	311,400	268,916
Property and equipment, net	660,278	-	-	660,278	715,873
Total Assets	\$2,350,472	\$ 75,856	\$ 396,467	\$2,822,795	\$ 2,367,097
LIABILITIES					
Accounts payable and accrued expenses	\$ 52,834	\$ -	\$ -	\$ 52,834	\$ 48,381
Accrued salaries	40,002	-	-	40,002	42,605
Deferred revenue	33,324	-	-	33,324	33,210
Total Liabilities	126,160	-	-	126,160	124,196
NET ASSETS					
Unrestricted:					
Designated as funds functioning as endowment	1,250,997	-	-	1,250,997	873,871
Undesignated	973,315	-	-	973,315	918,740
Temporarily restricted	-	75,856	-	75,856	92,275
Permanently restricted	-	-	396,467	396,467	358,015
Total Net Assets	2,224,312	75,856	396,467	2,696,635	2,242,901
Total Liabilities and Net Assets	\$2,350,472	\$ 75,856	\$ 396,467	\$2,822,795	\$ 2,367,097

See Notes to Financial Statements

ANIMAL WELFARE SOCIETY, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2010

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	March 31, 2009 Total (Memorandum Only)
SUPPORT AND REVENUE					
Donations and bequests	\$ 495,936	\$ 50,965	\$ -	\$ 546,901	\$ 493,867
Membership dues	41,813	-	-	41,813	60,330
Municipal fees	144,494	-	-	144,494	135,648
Adoption fees	231,054	-	-	231,054	232,690
Miscellaneous fees and income	89,756	-	-	89,756	105,923
Fundraising and special events	75,747	232	-	75,979	73,540
Interest and dividends	45,976	-	-	45,976	57,837
Gains (losses) on investments	417,470	-	-	417,470	(580,391)
Gains (losses) on charitable trusts	23,070	(11,891)	38,452	49,631	(72,955)
Gains (losses) on disposal of asset	(3,348)	-	-	(3,348)	(2,175)
Net assets released from restrictions	<u>55,725</u>	<u>(55,725)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>1,617,693</u>	<u>(16,419)</u>	<u>38,452</u>	<u>1,639,726</u>	<u>504,314</u>
EXPENSES					
Program service	982,360	-	-	982,360	1,113,173
Management and general	111,070	-	-	111,070	115,262
Fundraising and special events	<u>92,562</u>	<u>-</u>	<u>-</u>	<u>92,562</u>	<u>113,137</u>
Total Expenses	<u>1,185,992</u>	<u>-</u>	<u>-</u>	<u>1,185,992</u>	<u>1,341,572</u>
CHANGE IN NET ASSETS	431,701	(16,419)	38,452	453,734	(837,258)
NET ASSETS, BEGINNING OF YEAR	<u>1,792,611</u>	<u>92,275</u>	<u>358,015</u>	<u>2,242,901</u>	<u>3,080,159</u>
NET ASSETS, END OF YEAR	<u>\$2,224,312</u>	<u>\$ 75,856</u>	<u>\$ 396,467</u>	<u>\$2,696,635</u>	<u>\$ 2,242,901</u>

See Notes to Financial Statements

ANIMAL WELFARE SOCIETY, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2010

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2009

		March 31, 2009 <u>(Memorandum Only)</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 453,734	\$ (837,258)
Adjustments to reconcile change in net assets to net cash provided by (used in) in operating activities:		
Depreciation	70,472	72,441
(Gains) losses on investments	(422,271)	588,302
(Gains) losses on charitable trusts	(49,631)	72,955
(Gains) losses on disposal of fixed asset	3,348	2,175
Changes in operating assets and liabilities:		
Accounts receivable	2,540	9,104
Inventory	(2,269)	5,855
Prepaid expenses	(2,965)	(1,747)
Accounts payable and accrued expenses	4,453	(615)
Accrued salaries	(2,603)	1,102
Deferred revenue	114	3,924
Net cash provided by (used in) operating activities	<u>54,922</u>	<u>(83,762)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	590,187	587,606
Purchases of investments	(684,907)	(551,385)
Cash paid for purchase of property and equipment	<u>(18,225)</u>	<u>(7,876)</u>
Net cash provided by (used in) investing activities	<u>(112,945)</u>	<u>28,345</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from charitable lead unitrust	<u>7,147</u>	<u>10,379</u>
Net cash provided by (used in) financing activities	<u>7,147</u>	<u>10,379</u>
NET INCREASE (DECREASE) IN CASH	(50,876)	(45,038)
CASH, BEGINNING OF YEAR	<u>184,092</u>	<u>229,130</u>
CASH, END OF YEAR	<u><u>\$ 133,216</u></u>	<u><u>\$ 184,092</u></u>

SUPPLEMENTAL CASH FLOW DISCLOSURES:

There were no cash payments for income taxes or interest for the year ended March, 31, 2010.

There were no noncash investing and financing activities for the year ended March 31, 2010.

See Notes to Financial Statements

ANIMAL WELFARE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2010

Note 1 – Summary of Significant Accounting Policies

Nature of Activities - The Animal Welfare Society, Inc. ("Society") is a not-for-profit Maine corporation organized May 31, 1967. The Society exists to provide humane shelter and care to animals temporarily in need of housing, and to further the cause of responsible animal adoption and ownership through education and public awareness. The Society actively promotes kindness, the elimination of cruelty and neglect to all animals, and the lifelong commitment of people to their pets. The Society's principal sources of revenue are donations, fees, investment income and fundraising activities.

Basis of Accounting - The financial statements of the Society have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other accruals, if applicable.

Basis of Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards, *Financial Statements of Not-for-Profit Organizations*. Under this standard, the Society 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.

Unrestricted net assets – Net assets are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by activities of the Society and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Society. Generally, the donors of the assets permit the Society to use all or part of the income earned on related investments for general or specific purposes.

Cash - For purposes of the Statement of Cash Flows, the Society considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Donated Assets - Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Donated Services - Donated services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Accounting Estimates and Assumptions – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported support revenues and expenses. Actual results could differ from those estimates.

Expense Allocation - The costs of providing various programs and other 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.

Income Tax Status - The Society is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Society qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The federal return of organization exempt from income tax of the Society are subject to examination generally for three years after they were filed. The Society does not believe that there are any uncertain tax positions taken in preparation of the returns that would impact these financial statements.

ANIMAL WELFARE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2010

Note 1 – Summary of Significant Accounting Policies (continued)

Inventory - Inventory is valued at the lower of cost (first-in, first-out) or market and consists of veterinary supplies, cookbooks, apparel and other items held for sale.

Investments - The Society carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Promises to Give - Unconditional promises to give are recorded as received. Unconditional promises to give due in subsequent years are recorded at their present value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and Equipment - Purchased land, buildings, furnishings and equipment are carried at cost. Contributed assets are carried at their fair market value at the time of the gift. Major additions are included in the property accounts while maintenance and repairs which do not improve or extend the life of the assets are expensed currently. Depreciation is computed using the straight-line and declining balance methods of depreciation over the assets' estimated service lives as follows:

<u>Assets</u>	<u>Life in Years</u>
Buildings	15-30
Land improvements	10
Equipment	5-10
Automobile	5

Recognition of Donor-Restricted Contributions - Support that is restricted by the donor is 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.

Concentration of Credit Risk for Cash Held in Banks - The Society maintains cash balances at a local bank, and deposits are insured by the Federal Deposit Insurance Corporation. At March 31, 2010, the cash held at the local bank totaled \$76,049. The book value was \$133,216. At March 31, 2010, no cash balances were uninsured.

Comparative Financial Information - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Society's financial statements for the year ended March 31, 2009, from which the summarized information was derived.

Note 2 – Cash

Cash is available for the following purposes as of March 31, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Unrestricted:			
Designated as funds functioning as endowment	\$ 12,249	\$ -	\$ 12,249
Undesignated	70,862	-	70,862
Restricted to the Improving the View Project	-	9,194	9,194
Restricted to the Courtyard Project	-	9,891	9,891
Restricted to the other uses	-	31,020	31,020
Total	\$ <u>83,111</u>	\$ <u>50,105</u>	\$ <u>133,216</u>

ANIMAL WELFARE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2010

Note 3 – Investments

The Society elected to report their investments at fair value. The Statement of Financial Accounting Standards, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, specifies that investments in equity securities with readily determinable fair values should be reported at their fair value.

Investments as of March 31, 2010, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>
Corporate stocks and bonds	\$ 1,322,965	\$ 1,554,784
US Government obligations	<u>125,665</u>	<u>129,815</u>
Total	\$ <u>1,448,630</u>	\$ <u>1,684,599</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended March 31, 2010:

	<u>Unrestricted</u>
Investment income	\$ 45,976
Net realized and unrealized gains	<u>417,470</u>
Total investment return	\$ <u>463,446</u>

Note 4 – Fair Values of Assets

Effective April 1, 2008, the Society adopted Statement of Financial Accounting Standards, *Fair Value Measurements*, which provides a framework for measuring fair value under GAAP. This standard defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The standard requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The standard also established a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

There are three general valuation techniques that may be used to measure fair value, as described below:

- A) Market approach – Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other resources;
- B) Cost approach – Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and
- C) Income approach – Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques, and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

ANIMAL WELFARE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2010

Note 4 – Fair Values of Assets (continued)

Assets itemized below were measured at fair value during the year ended using the market approach for Level 1 measurements and income approach for Level 2 measurements.

		<u>Fair Value Measurements Using</u>		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	<u>Fair Value</u>			
<u>March 31, 2010</u>				
Investment in equities	\$ 1,258,023	\$ 1,258,023	\$ -	\$ -
Investment in corporate bonds	296,661	296,661	-	-
Investment in government bonds	129,815	129,815	-	-
Beneficial interest in charitable trusts	<u>311,400</u>	<u>290,649</u>	<u>20,751</u>	-
Total Assets	\$ <u>1,995,899</u>	\$ <u>1,975,148</u>	\$ <u>20,751</u>	\$ -

Note 5 – Property and Equipment

Property and equipment consists of the following at March 31, 2010:

Land	\$ 67,210
Buildings	1,094,778
Land improvements	257,308
Equipment	133,255
Automobile	<u>17,024</u>
	1,569,575
Less accumulated depreciation	<u>909,297</u>
Total property and equipment	\$ <u>660,278</u>

Note 6 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

Restricted to the Improving the View Project	\$ 9,194
Restricted to the Courtyard Project	9,891
Restricted to the other uses	31,020
Restricted prepaid expense	5,000
Contributions receivable from a charitable lead unitrust payable in future periods, Note 8	<u>20,751</u>
Total	\$ <u>75,856</u>

ANIMAL WELFARE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2010

Note 6 – Temporarily Restricted Net Assets (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

Purpose restrictions accomplished:

Restricted to the Spay/Neuter program	\$ 22,400
Restricted to the Haiti Fund	7,235
Restricted to the Improving the View Project	6,264
Other restricted amounts	12,678
Time restrictions expired on contributions receivable from a charitable lead unitrust	<u>7,148</u>
Total restrictions released	\$ <u>55,725</u>

Note 7 – Permanently Restricted Net Assets

Permanently restricted net assets consist of the following:

Donor-designated endowment funds, Note 8	\$ 224,989
Beneficial interest in a charitable foundation, Note 9	<u>171,478</u>
Total	\$ <u>396,467</u>

Note 8 – Endowment Funds

In January 2009, the Financial Accounting Standards Board (FASB) issued FASB Staff Position, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* ("the Staff Position"). The Staff Position provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The Staff Position also requires additional disclosures about an organization's endowment fund (both donor restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of Maine enacted UPMIFA in 2009, the provisions of which apply to endowment funds existing on or established after that date. The Society has adopted the Staff Position for the year ending March 31, 2010. The Society's endowment investing policy's objective is to grow the fund over time to support the purposes as defined above. The fund will meet this objective by investing endowment funds in fixed income and equity investments. The Society spends the earnings of the above funds for purposes as deemed necessary by the Society.

As of March 31, 2010, the Society has endowment funds totaling \$1,475,986 consisting of both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Society has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

ANIMAL WELFARE SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2010

Note 8 – Endowment Funds (continued)

As of March 31, 2010, the Board of Directors of the Society had designated \$1,250,997 of unrestricted net assets as a general endowment fund to support the mission of the Society. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

The Society's investment spending policy consists of distributing monthly, the previous month's net investment income including interest, dividends and capital gain distributions from investments. The distributions do not account for any change in the fair value of the endowment fund. Accordingly, over the long-term, the Society expects the current policy to allow its endowment funds to grow at an average of 3-4% annually. This is consistent with the Society's objective to attempt to provide a predictable stream of funding from its endowment funds while also maintaining the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

Endowment Net Asset Composition by fund as of March 31, 2010 are as follows:

	Unrestricted	Permanently Restricted	Total Net Endowment Assets
Donor-designated endowment funds	\$ -	\$ 224,989	\$ 224,989
Board-designated endowment funds	<u>1,250,997</u>	<u>-</u>	<u>1,250,997</u>
Total	\$ <u>1,250,997</u>	\$ <u>224,989</u>	\$ <u>1,475,986</u>

Changes in endowment net assets as of March 31, 2010 is as follows:

	Unrestricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ 873,871	\$ 224,989	\$ 1,098,860
Investment income net of fees	53,800	-	53,800
Distributions	(34,819)	-	(34,819)
Unrealized gains on endowment	<u>358,145</u>	<u>-</u>	<u>358,145</u>
Total	\$ <u>1,250,997</u>	\$ <u>224,989</u>	\$ <u>1,475,986</u>

Note 9 – Charitable Trusts

The Society is beneficiary of the following three charitable trusts at March 31, 2010:

Unrestricted:

The Society is beneficiary of a charitable trust which is administered by a related trustee. Both income and principal are available for the Society's use. The trust owned assets with a market value of \$119,171 as of March 31, 2010. There were no distributions from the trust during fiscal 2010.

Temporarily restricted:

The Society is beneficiary of 33.33% of a charitable lead unitrust held and administered by outside trustees. The Society will receive annual distributions based upon the market value of assets in the trust until its termination on March 31, 2013. The present value of expected future distributions is \$20,751 as of March 31, 2010. Distributions from the unitrust totaled \$7,148 during fiscal year 2010.

ANIMAL WELFARE SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2010

Note 9 – Charitable Trusts (continued)

Permanently restricted:

The Society is beneficiary of 8.33% of a charitable foundation held and administered by outside trustees. The Society will receive annual distributions based upon the income of the trust in perpetuity. The trust owned assets for the benefit of the Society with a market value of \$171,478 as of March 31, 2010. Distributions from the trust totaled \$5,739 during fiscal year 2010.

Note 10 – Donated Services

Donated services included in the financial statements consist of accounting and other services with a value of \$6,002. In addition, a substantial number of volunteers have donated significant amounts of their time in the Society's operations, program services and fundraising activities which is not recognized in the financial statements because it does not meet the criteria described in Note 1.

Note 11 – Retirement Plan

The Society has established a defined contribution plan covering all employees with at least \$5,000 in annual compensation who agree to make contributions to the plan. The Society matches participants' contributions to the plan up to 3% of the individual participant's compensation. Total expense for the year ended March 31, 2010, was \$15,672.

Note 12 – Subsequent Events

Subsequent events have been evaluated through August 18, 2010, which is the date the financial statements were available to be issued. There were no material events at August 18, 2010 that would require disclosure in the financial statements.

INDEPENDENT AUDITORS' REPORT
ON ADDITIONAL INFORMATION

August 18, 2010

Board of Directors
Animal Welfare Society, Inc.
Kennebunk, Maine

Our report on our audit of the basic financial statements of Animal Welfare Society, Inc. for the year ended March 31, 2010, appears on page 1. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Cummings, Lamont & McNamara PA

Certified Public Accountants
Kennebunk, Maine

ANIMAL WELFARE SOCIETY, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2010
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2009

	Program Service	Management and General	Fundraising and Special Events	Total	March 31, 2009 Total (Memorandum Only)
Automobile expense	\$ 8,575	\$ 746	\$ 98	\$ 9,419	\$ 9,284
Computer consulting and expense	849	850	-	1,699	1,745
Depreciation expense	63,383	4,933	2,156	70,472	72,441
Dog park expense	460	-	-	460	8,500
Education	3,571	-	-	3,571	11,318
Emergency Disaster Relief	7,854	-	-	7,854	-
Food	2,348	-	-	2,348	3,957
Fundraising and special events	3,367	4,656	11,413	19,436	20,286
Insurance	47,087	6,042	4,119	57,248	67,054
Internet and web site	2,270	179	-	2,449	9,352
Investment fees	-	10,373	-	10,373	11,029
Miscellaneous	5,766	10,834	4,006	20,606	19,839
Occupancy and telephone	37,370	2,542	746	40,658	64,210
Office supplies and postage	9,296	7,149	6,130	22,575	28,556
Paws Across America expenses	5,686	-	-	5,686	3,688
Payroll and payroll taxes	554,683	50,031	57,539	662,253	701,606
Printing and publications	14,428	342	4,993	19,763	29,468
Professional fees	-	9,800	-	9,800	10,101
Repairs and maintenance	19,511	1,409	-	20,920	26,759
Retirement expense	13,126	1,184	1,362	15,672	15,631
Shelter operations	27,226	-	-	27,226	30,452
Spay/Neuter program	4,548	-	-	4,548	26,374
Veterinary fees	111,926	-	-	111,926	125,890
Veterinary supplies and other	36,081	-	-	36,081	41,066
Volunteer expenses	2,949	-	-	2,949	2,966
Total Expenses	<u>\$ 982,360</u>	<u>\$ 111,070</u>	<u>\$ 92,562</u>	<u>\$ 1,185,992</u>	<u>\$ 1,341,572</u>

See Independent Auditor's Report on Page 12