

WOODS HUMANE SOCIETY, INC.

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

For the Year Ended
June 30, 2007

WOODS HUMANE SOCIETY, INC.
INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS
For the Year Ended June 30, 2007

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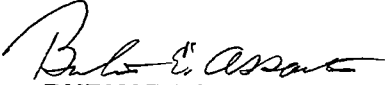
Independent Auditors' Report

To the Board of Directors of
Woods Humane Society, Inc.

We have audited the accompanying statements of financial position of Woods Humane Society, Inc. (a nonprofit organization), as of June 30, 2007, and the related statements of activities, 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 audits.

We conducted our audits in accordance with United States generally accepted auditing standards. 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 audits provide 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 Woods Humane Society, Inc., as of June 30, 2007, and changes in its net assets and its cash flows for the year then ended in conformity with United States generally accepted accounting principles.


BURKART & ASSOCIATES
an Accountancy Corporation
Certified Public Accountants

November 5, 2007

WOODS HUMANE SOCIETY, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2007

2007			
	Unrestricted General Fund	Temporarily Restricted	Totals
ASSETS			
Current assets:			
Cash and cash equivalents (Note 2 and 3)	\$ 514,232	\$ 20,422	\$ 534,654
Agency endowment fund (Note 4)	8,957		\$ 8,957
Pledges receivable	14,500		14,500
Prepaid expenses	455		455
Inventory of supplies, at cost	5,358		5,358
Total current assets	543,502		563,924
Property and equipment:			
Property and equipment - net (Notes 2 and 5)	3,004,389		3,004,389
Total assets	\$ 3,547,891	\$ 20,422	\$ 3,568,313

2007			
	Unrestricted General Fund	Temporarily Restricted	Totals
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable	\$ 21,369		\$ 21,369
Accrued expenses	26,242	20,422	46,664
Total current liabilities	47,611	20,422	68,033
Net assets:			
Temporarily Restricted (Note 2 and 6)			
Unrestricted	3,500,280		3,500,280
Total net assets	3,500,280	0	3,500,280
Total liabilities and net assets	\$ 3,547,891	\$ 20,422	\$ 3,568,313

See accountants' audit report

The accompanying notes are an integral part of these financial statements

WOODS HUMANE SOCIETY, INC.

STATEMENTS OF ACTIVITIES

For the Year Ended June 30, 2007

2007			
	Unrestricted General Fund	Temporarily Restricted	Totals
Revenues, gains and support:			
Donations	\$ 442,473		\$ 442,473
Legacies and bequests	\$ 323,738		323,738
Grants	68,932		68,932
Retail sales	2,470		2,470
Program revenue	96,655		96,655
Special event net income	61,998		61,998
Interest/dividend income	13,886		13,886
Gain on sale of assets	939		939
Total revenues, gains and support	1,011,091	-	1,011,091
Expenses:			
Program services	662,582		662,582
Management and general	94,955		94,955
Fund raising	31,330		31,330
Total expenses	788,867	-	788,867
Increase (decrease) in net assets from operations	222,224	-	222,224
Other changes			
Net assets reclassified			
Change in net assets	\$ 222,224	\$ -	\$ 222,224

See accountants' audit report
The accompanying notes are an integral part of these financial statements

WOODS HUMANE SOCIETY, INC.

STATEMENTS OF CHANGES IN NET ASSETS

For the Year Ended June 30, 2007

	2007		
	Unrestricted General Fund	Temporarily Restricted	Totals
NET ASSETS - June 30, 2006	\$ 3,278,056	\$ -	\$ 3,278,056
Increase (decrease) in net assets	222,224	-	222,224
NET ASSETS - June 30, 2007	\$ 3,500,280	\$ -	\$ 3,500,280

See accountants' audit report
The accompanying notes are an integral part of these financial statements

WOODS HUMANE SOCIETY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2007

	2007			
<i>Expenses:</i>	<u>Program Services</u>	<u>Management & General</u>	<u>Fund Raising</u>	<u>Totals</u>
Salaries and wages	\$ 291,915	\$ 23,910	\$ 26,426	\$ 342,251
Employee benefits	9,907	5,400		15,307
Payroll taxes	25,062	2,111	2,274	29,447
Accounting	9,674	1,707		11,381
Advertising and promotion	3,882	685		4,567
Auto expense	2,124	375		2,499
Bank charges	2,851	615		3,466
Cost of sales	2,985			2,985
Conference expense	10,230			10,230
Depreciation	83,469	14,730		98,199
Dues and subscriptions	1,115	197		1,312
Employee related expenses	924	19,475		20,399
Insurance	31,873	5,625		37,498
Legal		5,000		5,000
Microchip expenses	8,899			8,899
Office supplies	3,718	2,974	743	7,435
Other expenses	117	56	292	465
Postage and printing	1,120	1,119		2,239
Rent expense - other		1,627		1,627
Repairs and maintenance	20,612	3,638		24,250
Spay/neuter/rabies expense	72,748			72,748
Supplies-other	39,637	2,013		41,650
Supplies-pet	4,242			4,242
Taxes, licenses and fees	693			693
Telephone	1,863	1,863	1,595	5,321
Travel	1,560	275		1,835
Utilities	29,642	1,560		31,202
Vet pickup	1,720			1,720
Total expenses	\$ 662,582	\$ 94,955	\$ 31,330	\$ 788,867

See accountants' audit report

The accompanying notes are an integral part of these financial statements

WOODS HUMANE SOCIETY, INC.

STATEMENTS OF CASH FLOWS

For the Year Ended June 30, 2007

	2007
	<u>Totals</u>
<i>Cash flows from operating activities:</i>	
Change in net assets	\$ 222,224
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities	
Depreciation	98,199
(Increase) decrease in agency endowment fund	(1,318)
(Increase) decrease in pledges receivable	6,750
(Increase) decrease in prepaid expenses	9,928
(Increase) decrease in inventory of supplies	(2,918)
Increase (decrease) in accounts payable	(31,488)
Increase (decrease) in accrued expenses	6,892
Net cash provided (used) by operating activities	308,269
<i>Cash flows from investing activities:</i>	
Purchase of property and equipment	(24,845)
Net cash provided (used) by investing activities	(24,845)
<i>Net increase (decrease) in cash and cash equivalents</i>	283,424
<i>Cash and cash equivalents at beginning of year</i>	251,230
<i>Cash and cash equivalents at end of year</i>	\$ 534,654

See accountants' audit report
The accompanying notes are an integral part of these financial statements

WOODS HUMANE SOCIETY, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2007

NOTE 1: ORGANIZATION AND PURPOSE

The Woods Humane Society, Inc. (the Society) is a non-profit, non-stock corporation, organized to provide for the treatment, housing and placement of unwanted animals, and to further humane education and responsible pet ownership in the County of San Luis Obispo, California. The Society solicits donations to facilitate its purpose. It also provides adoptions for which it charges a fee to individuals. The Society was established in May 1955 and is located at 875 Oklahoma Avenue, San Luis Obispo, California.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of 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 net assets, and permanently restricted net assets.

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.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Property and Equipment

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 using primarily the straight-line method.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

WOODS HUMANE SOCIETY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Society reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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. The Society currently does not have any permanently restricted assets.

The Society reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how these long-lived assets must be maintained, the Society reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributed Services

The Society receives a substantial amount of services donated by members of the community and volunteers in carrying out the society's purpose. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116.

Income Taxes

The Society is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and Cal. Rev. & Tax. Dc. Sec. 23701(d).

NOTE 3: CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposited in checking accounts for operational purposes and funds in highly liquid money market accounts. Cash and cash equivalents consist of the following:

	<u>2007</u>
Cash on hand	\$ 206
Checking	65,487
Cash in money market accounts	<u>468,961</u>
Total cash and cash equivalents	<u>\$ 534,654</u>

WOODS HUMANE SOCIETY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

NOTE 4: AGENCY ENDOWMENT FUND

The San Luis Obispo County Community Foundation establishes agency endowment funds for not-for-profit organizations based on donor specifications. The Foundation maintains variance power and legal ownership of agency endowment funds. The balance in the fund The Foundation currently holds for Woods Humane Society, Inc. is \$8,957.

NOTE 5: PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2007, consists of the following:

	<u>2007</u>
Vehicles	\$ 21,876
Equipment	91,199
Facility	<u>3,084,437</u>
Total property and equipment	<u>3,197,512</u>
Less: Accumulated depreciation	<u>(193,123)</u>
Property and equipment - Net	<u><u>\$3,004,389</u></u>

NOTE 6: RESTRICTIONS ON NET ASSETS

Net assets are temporarily restricted for the following purposes:

	<u>2007</u>
Critter Camp Scholarships	\$ 1,050
Critter Camp Deferred Income	<u>19,372</u>
Total temporarily restricted net assets	<u><u>\$ 20,422</u></u>

NOTE 7: RENTAL AGREEMENTS

The Society entered into an agreement in December 2001 with the County of San Luis Obispo to build a new facility on land currently owned by the County. Cash rent is waived in exchange for the Society furnishing services to the San Luis Obispo County Sheriff's Department, Animal Services Division. The lease term is thirty years with two five-year renewal options.

NOTE 8: COMMITMENTS

On December 10, 2002 the Society entered into a lease agreement with GE Capital for a copier. The agreement calls for annual payments of \$1,131 and terminates on December 10, 2007.

WOODS HUMANE SOCIETY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

NOTE 9: FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on employee time studies.