

**WOODS HUMANE SOCIETY, INC.**

INDEPENDENT AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS

For the Year Ended  
June 30, 2009

**WOODS HUMANE SOCIETY, INC.**  
**INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2009

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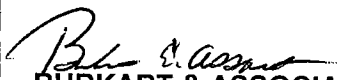
## Independent Auditors' Report

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, 2009, 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, 2009, 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, 2009

# WOODS HUMANE SOCIETY, INC.

## STATEMENTS OF FINANCIAL POSITION

June 30, 2009

2009			
	Unrestricted General Fund	Temporarily Restricted	Totals
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents (Note 2 and 3)	\$ 1,406,554	\$ 1,925	\$ 1,408,479
Investments-Certificates of Deposits	516,461		516,461
Agency endowment fund (Note 4)	20,393		20,393
Accounts receivable	7,561		7,561
Pledges receivable	2,500		2,500
Prepaid expenses	166		166
Inventory of supplies, at cost	914		914
Total current assets	1,954,550		1,956,475
<b>Property and equipment:</b>			
Property and equipment - net (Notes 2 and 5)	3,056,799		3,056,799
Total assets	\$ 5,011,349	\$ 1,925	\$ 5,013,274

2009			
	Unrestricted General Fund	Temporarily Restricted	Totals
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 8,815		\$ 8,815
Accrued expenses	30,746		30,746
Deferred income-Critter Camp	15,258	\$ 1,925	17,183
Total current liabilities	54,819	1,925	56,744
<b>Net assets:</b>			
Temporarily Restricted (Note 2 and 6)			
Unrestricted	4,956,530		4,956,530
Total net assets	4,956,530		4,956,530
Total liabilities and net assets	\$ 5,011,349	\$ 1,925	\$ 5,013,274

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, 2009

2009			
	Unrestricted General Fund	Temporarily Restricted	Totals
<b>Revenues, gains and support:</b>			
Donations	\$ 240,243		\$ 240,243
Legacies and bequests	629,658		629,658
Grants	15,088		15,088
Retail sales	5,141		5,141
Program revenue	196,073		196,073
Special event net income	61,153		61,153
Interest/dividend income	64,848		64,848
Realized gain (loss) on sale of investments	(6,852)		(6,852)
Unrealized gain (loss) on investments	(64)		(64)
Gain (loss) on dispositions of fixed assets	289		289
Total revenues, gains and support	1,205,577		1,205,577
<b>Expenses:</b>			
Program services	854,140		854,140
Management and general	71,435		71,435
Fund raising	41,861		41,861
Total expenses	967,436		967,436
Increase (decrease) in net assets from operations	238,141		238,141
<b>Other changes</b>			
Net assets released from restriction	9,650	(9,650)	
<b>Change in net assets</b>	\$ 247,791	\$ (9,650)	\$ 238,141

See accountants' audit report

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# WOODS HUMANE SOCIETY, INC.

## STATEMENTS OF CHANGES IN NET ASSETS

For the Year Ended June 30, 2009

2009			
	Unrestricted General <u>Fund</u>	Temporarily <u>Restricted</u>	<u>Totals</u>
<b>NET ASSETS - June 30, 2008</b>	\$ 4,708,739	\$ 9,650	\$ 4,718,389
Increase (decrease) in net assets	247,791	(9,650)	238,141
<b>NET ASSETS - June 30, 2009</b>	\$ 4,956,530	\$ -	\$ 4,956,530

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, 2009

2009				
	Program <u>Services</u>	Management & <u>General</u>	Fund <u>Raising</u>	<u>Totals</u>
<b>Expenses:</b>				
Salaries and wages	\$ 323,996	\$ 26,682	\$ 30,494	\$ 381,172
Employee benefits	37,804			37,804
Payroll taxes	39,183			39,183
Accounting	9,949	1,756		11,705
Advertising and promotion	3,171	560		3,731
Auto expense	1,454	257		1,710
Bank charges	2,877	723		3,600
Cost of sales	6,287			6,287
Conference expense	5,640			5,640
Depreciation	91,623	16,169		107,792
Dues and subscriptions	860			860
Employee related expenses	1,060			1,060
Insurance	17,153	3,027		20,180
Legal		203		203
Microchip expenses	7,270			7,270
Office supplies	2,930	2,344	586	5,860
Other expenses	1,127	432	6,085	7,644
Postage and printing	3,936	3,935		7,871
Professional fees	20,075	758	2,442	23,275
Rent expense - other		772		772
Repairs and maintenance	28,985	5,115		34,100
Spay/neuter/rabies expense	136,259			136,259
Supplies-other	76,534	4,028		80,562
Taxes, licenses and fees	505			505
Telephone	2,630	2,630	2,254	7,514
Travel	3,368	594		3,962
Utilities	27,569	1,451		29,020
Vet pickup	1,895			1,895
<b>Total expenses</b>	<b>\$ 854,140</b>	<b>\$ 71,435</b>	<b>\$ 41,861</b>	<b>\$ 967,436</b>

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, 2009

	2009
	<u>Totals</u>
<b><i>Cash flows from operating activities:</i></b>	
Change in net assets	\$ 238,141
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities	
Depreciation	107,792
(Increase) decrease in agency endowment fund	4,699
(Increase) decrease in accounts receivable	(7,561)
(Increase) decrease in pledges receivable	5,000
(Increase) decrease in prepaid expenses	376
(Increase) decrease in inventory of supplies	2,845
Increase (decrease) in accounts payable	(18,089)
Increase (decrease) in accrued expenses	(13,657)
Increase (decrease) in deferred income	17,183
Net cash provided (used) by operating activities	336,729
<b><i>Cash flows from investing activities:</i></b>	
Sale of trailer	
Purchase of property and equipment	(193,383)
Purchase of investments-bonds	(90,849)
Net cash provided (used) by investing activities	(284,232)
<b><i>Net increase (decrease) in cash and cash equivalents</i></b>	52,497
<b><i>Cash and cash equivalents at beginning of year</i></b>	1,355,982
<b><i>Cash and cash equivalents at end of year</i></b>	\$ 1,408,479

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, 2009

### 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, 2009

**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:

	2009
Cash on hand	\$ 395
Checking	106,157
Cash in money market accounts	<u>1,301,927</u>
Total cash and cash equivalents	<u><u>\$1,408,479</u></u>

**WOODS HUMANE SOCIETY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 June 30, 2009

**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 \$20,393.

**NOTE 5: PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2009, consists of the following:

	2009
Vehicles	\$ 19,419
Equipment	128,527
Facility	3,309,711
Total property and equipment	3,457,657
Less: Accumulated depreciation	(400,858)
Property and equipment - Net	\$3,056,799

**NOTE 6: RESTRICTIONS ON ASSETS**

Net assets are temporarily restricted for the following purposes:

	2009
Critter Camp Scholarships	\$ 1,925
Total temporarily restricted net assets	\$ 1,925

**WOODS HUMANE SOCIETY, INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2009

**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: 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.

**NOTE 9: CONCENTRATIONS**

The Society maintains cash accounts at institutions which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. The \$100,000 limit has been raised to \$250,000. Currently the balance exceeds the both of these limits.