

**HUMANE SOCIETY OF WARREN COUNTY, INC.**

**Front Royal, Virginia**

**FINANCIAL REPORT**

**DECEMBER 31, 2012**

## **C O N T E N T S**

	<b>Page</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1 and 2
<b>FINANCIAL STATEMENTS</b>	
Statement of assets and net assets – cash basis	3
Statement of revenue collected and expenses – cash basis	4
Notes to financial statements	5 and 6

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Humane Society of Warren County, Inc.  
Front Royal, Virginia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Humane Society of Warren County, Inc. (the Society), which comprise the statement of assets and net assets – cash basis as of December 31, 2012, and the related statement of revenue collected and expenses – cash basis for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and net assets – cash basis of the Humane Society of Warren County, Inc. as of December 31, 2012, and its revenue collected and expenses – cash basis during the year then ended in accordance with the cash basis of accounting described in Note 1.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

*Gount, Hyde & Barbour, P.C.*

Winchester, Virginia  
July 3, 2013

**HUMANE SOCIETY OF WARREN COUNTY**

**Statements of Assets and Net Assets -**

**Cash Basis**

December 31, 2012

<b>Assets</b>	
<b>Cash and cash equivalents</b>	<u>\$ 54,324</u>
<b>Investments, at cost</b>	<u>\$ 225,614</u>
Total assets	<u>\$ 279,938</u>
<b>Net Assets</b>	
Unrestricted	\$ 258,542
Temporarily restricted	<u>21,396</u>
Total net assets	<u>\$ 279,938</u>

See Notes to Financial Statements.

**HUMANE SOCIETY OF WARREN COUNTY**

**Statement of Revenue Collected and Expenses -  
Cash Basis**

December 31, 2012

**Revenue Collected**

Direct public support	\$ 151,146
Local government	177,226
Membership dues	6,440
Investment income	5,405
Program income	102,647
Fundraising	<u>37,405</u>
Total receipts	<u>\$ 480,269</u>

**Expenses**

Payroll	\$ 317,706
Taxes	29,858
Animal care	96,458
Facility occupancy	48,224
Operations and administration	24,328
Insurance	7,942
Fundraising expenses	<u>6,054</u>
Total disbursements	<u>\$ 530,570</u>

(Deficiency) of revenue collected over expenses \$ (50,301)

**Net Assets**

Beginning of year	<u>330,239</u>
End of year	<u><u>\$ 279,938</u></u>

See Notes to Financial Statement.

## HUMANE SOCIETY OF WARREN COUNTY, INC.

### Notes to Financial Statements

#### **Note 1. Nature of Activities and Summary of Significant Accounting Policies**

Humane Society of Warren County, Inc. (the Society) is a nonprofit organization incorporated in the state of Virginia. The Society's mission is the care of unwanted or abandoned animals in Warren County, Virginia.

#### **Basis of Accounting**

The Society's accounts are maintained and the accompanying statements of assets and net assets and revenue collected and expenses are presented on a cash basis, reflecting only cash received and disbursed. Therefore, receivables and payables, accrued income and expenses, equipment and depreciation which may be material in amount, are not reflected and this statement is not intended to present the financial position or results of operations in conformity with generally accepted accounting principles. Capital expenditures are shown as a disbursement.

#### **Contributed Services**

The Society receives a substantial amount of services donated by its members in carrying out the Society's mission. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition.

#### **Income Taxes**

The Society is exempt from federal and state income taxes as defined by Internal Revenue Code Section 501(c)(3).

#### **Investments**

The carrying amounts of the Society's investments are recorded at cost.

#### **Note 2. Concentration of Credit Risk**

The Society's places cash with high credit quality financial institutions. The Society's cash amounts are maintained in commercial banks which, at times, may exceed the federally insured limits. The Society has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

## **Notes to Financial Statements**

### **Note 3. Temporarily Restricted Net Assets**

Temporarily restricted net assets are restricted by donors for designated purposes or due to the passage of time. When they are used or time restrictions are removed, they are recorded as assets released from restrictions. The Society's temporarily restricted net assets consist of the Jessie B. Deavers Fund which had a balance of \$21,396 at December 31, 2012.

### **Note 4. Net Assets Released from Restriction**

Net assets released from donor restrictions by incurring expenses satisfying the restrictions or by the occurrence of other events specified by donors for the year ended December 31, 2012 were \$30,120.

### **Note 5. In-Kind Contributions**

The Society received in-kind contributions for office rent and supplies that amounted to \$78,414 during the year ended December 31, 2012.

### **Note 6. Subsequent Events**

In preparing these financial statements, the Society has evaluated events and transactions for potential recognition or disclosure through July 3, 2013, the date the financial statements were available to be issued.