

*Michael C. Branch*  
*Certified Public Accountant*  
*P.O. Box 1333*  
*482 Lewis Street*  
*Pagosa Springs, CO 81147*  

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*(970) 264-2135*

HUMANE SOCIETY OF PAGOSA SPRINGS, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2009

HUMANE SOCIETY OF PAGOSA SPRINGS, INC.

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## HUMANE SOCIETY OF PAGOSA SPRINGS, INC.

## Table of Contents

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Trust Funds Combining Statement of Financial Position	6
Trust Funds- Combining Statement of Activities	7
Building Fund – Statement of Activities	8
Notes to Financial Statements	9-11

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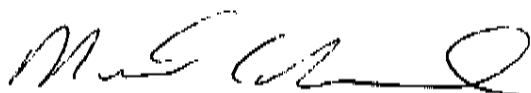
## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Humane Society of Pagosa Springs, Inc.  
Pagosa Springs, Colorado

I have audited the accompanying Statement of Financial Position of the Humane Society of Pagosa Springs, Inc. as of December 31, 2009, and the related statements of activities, functional expense, and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Humane Society of Pagosa Springs, Inc. as of December 31, 2009, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.



Michael C. Branch  
Certified Public Accountant  
February 17, 2010

HUMANE SOCIETY OF PAGOSA SPRINGS, INC.  
Statement of Financial Position  
December 31, 2009

	<u>Humane Society</u>	<u>Building Fund</u>	<u>Endowment Fund</u>	<u>Total</u>
<b>Assets</b>				
Cash	\$ 137,348	\$ 414,340	\$ 2,084	\$ 553,772
Receivables	4,164	4,945		9,109
Inventory	12,027			12,027
Fixed assets (net)	1,488,086			1,488,086
<b>Total Assets</b>	<u>\$ 1,641,625</u>	<u>\$ 419,285</u>	<u>\$ 2,084</u>	<u>\$ 2,062,994</u>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Accounts and taxes payable	\$ 15,590	\$ 6,353	\$	\$ 21,943
Accrued payroll and vacation	21,163			21,163
Note payable	614,635			614,635
<b>Total Liabilities</b>	<u>651,388</u>	<u>6,353</u>		<u>657,741</u>
<b>Net Assets</b>				
Unrestricted	990,237			990,237
Temporarily restricted		412,932		412,932
Permanently restricted			2,084	2,084
<b>Total Net Assets</b>	<u>990,237</u>	<u>412,932</u>	<u>2,084</u>	<u>1,405,253</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 1,641,625</u>	<u>\$ 419,285</u>	<u>\$ 2,084</u>	<u>\$ 2,062,994</u>

See accompanying notes

HUMANE SOCIETY OF PAGOSA SPRINGS, INC.  
Statement of Activities  
Year Ended December 31, 2009

	Fund Raising	Administration	Shelter	Thrift Shop	Total 2008
Revenue and Support					
Donations	\$	\$ 74,982	\$ 3,494	\$ 634	\$ 79,110
Shelter fees			133,667		133,667
Interest		1,539	64		1,603
Fund raising	60,321				60,321
Product sales		12,198	1,403	341,177	354,778
Total Support and Revenue	<u>60,321</u>	<u>88,719</u>	<u>138,628</u>	<u>341,811</u>	<u>629,479</u>
Expenses					
Program - Kennel			324,510		324,510
Depreciation			31,243	12,712	43,955
Thrift Shop				225,437	225,437
Administrative		47,797			47,797
Fund raising	19,335				19,335
Cost of Goods Sold		1,975	1,326	21,197	24,498
Total Expenses	<u>19,335</u>	<u>49,772</u>	<u>357,079</u>	<u>259,346</u>	<u>685,532</u>
Net Income	<u>40,986</u>	<u>38,947</u>	<u>(218,451)</u>	<u>82,465</u>	<u>(56,053)</u>
Transfers In			39,315	25,000	64,315
Transfers Out	(750)				(750)
Increase in Net Assets	<u>40,236</u>	<u>38,947</u>	<u>(179,136)</u>	<u>107,465</u>	<u>7,512</u>
Net Assets Beginning Year					982,725
Net Assets End of Year				\$	<u>990,237</u>

See accompanying notes

HUMAN SOCIETY OF PAGOSA SPRINGS, INC.  
Statement of Functional Expenses  
Year Ended December 31, 2009

	Fund Raising	Administration	Shelter	Thrift Shop	Totals 2009
Salaries and payroll taxes	\$ 5,383	\$ 21,704	\$ 164,849	\$ 137,480	\$ 329,416
Operation	2,594	16,933	123,523	74,965	218,015
Utilities			12,353	12,363	24,716
Marketing		9,160		629	9,789
Fund raising Program	11,358		23,785		11,358 23,785
Depreciation			31,243	12,712	43,955
Cost of goods sold		1,975	1,326	21,197	24,498
Total	\$ 19,335	\$ 49,772	\$ 357,079	\$ 259,346	\$ 685,532

See accompanying notes

## HUMANE SOCIETY OF PAGOSA SPRINGS, INC.

Statement of Cash Flows  
Year Ended December 31, 2009

Cash Flows From Operating Activities	
Cash received from program revenue	\$ 488,665
Cash received from contributions	549,547
Cash from other activities	2,275
Cash paid for supplies and services	(659,441)
Net Cash Provided by Operating Activities	<u>381,046</u>
Cash Flow From Financing Activities	
Net change in long term debt	(8,585)
Net Cash Used in financing Activities	<u>(8,585)</u>
Cash Flow From Capital Activities	
Purchase of fixed assets	(39,315)
Net Cash Used in Capital Activities	<u>(39,315)</u>
Net Decrease In Cash	333,146
Cash, Beginning of year	218,542
Cash, End of Year	<u>\$ 551,688</u>
Reconciliation of Excess of Support and Revenue Over Expenses to Net Cash Provided by Operating Activities:	
Increase in Net Assets	\$ 327,581
Adjustments to Reconcile Excess of Support and Revenue Over Expenses to Net Cash Provided by Operating Activities:	
Depreciation	43,955
Increase in payables	9,387
Increase in receivables	(2,055)
Increase in inventory	2,178
Net Cash Provided by Operating Activities	<u>\$ 381,046</u>

See accompanying notes

**HUMANE SOCIETY OF PAGOSA SPRINGS, INC.**  
**Trust Funds**  
**Statement of Financial Position**  
**December 31, 2009**

		Endowment Fund
<b>Assets</b>		
Cash	\$	2,084
Total Assets		2,084
 <b>Net Assets</b>		
Permanently restricted		2,084
Total Net Assets	\$	2,084

See accompanying notes

HUMANE SOCIETY OF PAGOSA SPRINGS, INC.  
Trust Funds  
Statement of Activities  
Year Ended December 31, 2009

	<u>Endowment Fund</u>
Revenue and Support	
Interest	\$ 3
Total Support and Revenue	<u>3</u>
Expenses	
Service Fee	<u>50</u>
Total Expenses	50
Decrease in Net Assets	(47)
Net Assets Beginning of Year	<u>2,131</u>
Net Assets End of Year	\$ <u><u>2,084</u></u>

See accompanying notes

HUMANE SOCIETY OF PAGOSA SPRINGS  
 Building Fund  
 Statement of Activities  
 Year Ended December 31, 2009

	Total 2009
Revenue and Support	
Donations	\$ 402,370
Interest	672
Fund raising	10,021
Total Revenue and Support	413,063
Expenses	
Fundraising	7,674
Office	1,618
Repairs	19,387
Total Expenses	28,679
Net Income	384,384
Other Sources	
Transfer in	750
Transfer out	(64,315)
Change in Net Assets	320,819
Net Assets Beginning of Year	92,113
Net Assets End of Year	\$ 412,932

See accompanying notes

HUMANE SOCIETY OF PAGOSA SPRINGS, INC.  
Notes to Financial Statements  
December 31, 2009

NOTE (1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - The Humane Society of Pagosa Springs, Inc. is a nonprofit corporation whose primary objective is to protect and prevent cruelty and neglect of animals in Archuleta County, Colorado. The organization is primarily supported by contributions from the public and income from the thrift shop. This organization was started in 1984.

Significant accounting policies followed by the Society are presented below.

Basis of Accounting and Presentation - The Society reports 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. To ensure observance of limitation, restrictions and designations placed on the use of certain assets, the accounts of the Society are reported in the following self-balancing fund group:

Operating Fund - This fund represents the portion of expendable funds that is available for support of Society operations and all activities that are not accounted for in the endowment fund.

Building Fund - This fund represents those funds available for the construction of a new shelter facility.

Endowment Funds - Funds of which the only income can be spent.

Income Taxes - The Society is exempt from income tax under Section 501 (c)(3) of the Internal Revenue Code.

Donated Services - No amounts have been reflected in the financial statement for donated services. The Society pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Association with specific assistance programs and various committee assignments.

Donated Material, Equipment and Investments - Donated materials are carried at no costs.

Fixed Assets and Depreciation - Property, plant and equipment additions in excess of \$250 are capitalized at cost. Depreciation is calculated on a straight-line basis over the estimated useful lives of the related assets.

Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting policies requires management to make estimates and assumptions that affect certain reported amounts and disclosures. These amounts and

## HUMANE SOCIETY OF PAGOSA SPRINGS, INC.

## Notes to Financial Statements

December 31, 2009

## NOTE (1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

disclosures include estimates of the amounts receivable and collectible from wills and bequests, the fair value of real estate and other assets contributed, and the fair value of investments. Accordingly, actual results could differ from those estimates.

Restricted, Temporarily Restricted and Unrestricted Support and Revenue - 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 support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (i.e., when the 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.

Inventory - Most of the inventory the Society maintains is donated goods in the thrift shop, which are carried at no cost. There are some purchased goods for resale.

## NOTE (2) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of:

	Operating <u>Fund</u>
Cash on Hand	\$ 1,765
Checking Accounts	65,121
Savings	476,080
State Farm Bank	<u>8,722</u>
	\$ <u>551,688</u>

## NOTE (3) PROPERTY, PLANT AND EQUIPMENT

Building and Land	\$ 1,453,302
Equipment	54,439
Less accumulated depreciation	<u>(196,535)</u>
	\$ 1,488,086

HUMANE SOCIETY OF PAGOSA SPRINGS, INC.  
Notes to Financial Statements  
December 31, 2009

NOTE (4) NOTE PAYABLE

On December 23, 2009, the Humane Society of Pagosa Springs, Inc. refinanced their two lines of credit with Citizens Bank with a new line of credit with Wells Fargo. This loan is payable in 360 monthly installments of \$3,373 including interest at 5%. Interest is fixed for 60 months.

Schedule of Payments

Year Ended December-31	<u>Principal</u>	<u>Interest</u>	<u>Remaining Balance</u>
2010	\$ 9,645	30,513	\$ 604,990
2011	10,139	30,019	594,851
2012	10,358	29,500	584,193
2013	11,203	28,955	572,990
2014	11,776	28,382	561,214
2015-2019	68,558	132,232	492,656
2020-2024	87,985	112,806	404,671
2025-2029	112,916	87,874	291,755
2030-2034	144,912	55,879	146,843
2035-2036	<u>146,843</u>	<u>15,662</u>	
	\$ 614,335	\$ 551,822	

NOTE (5) NEW SHELTER

The new shelter building was transferred from the building fund to the shelter fund in 2009. The amount was \$1,142,391.

NOTE (6) PUBLIC SUPPORT

In 2009 the Society received 72% of its Shelter fees from the Town of Pagosa Springs and Archuleta County, based on contracts for impound services that are renewed annually. Even though there is no assurance that these contracts will be renewed on an annual basis, they have been renewed annually for the past 16 years. Management of the Society firmly believes these contracts will be renewed.