



**AUDITED FINANCIAL STATEMENTS  
MODIFIED CASH BASIS  
DECEMBER 31, 2007 AND 2006**



**DECEMBER 31, 2007 AND 2006**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Citizens for Humane Action, Inc.  
Westerville, Ohio

We have audited the accompanying statements of assets, liabilities, and net assets - modified cash basis of Citizens for Humane Action, Inc. ("Organization") as of December 31, 2007 and 2006, and the related statements of support, revenue, and expenses - modified cash basis, the statement of cash flows - modified cash basis and the statement of changes in net assets - modified cash basis, for the years 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 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 audits provide a reasonable basis for our opinion.

As described in Note A, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets - modified cash basis of Citizens for Humane Action, Inc. as of December 31, 2007 and 2006, and its support, revenue, and expenses - modified cash basis, changes in cash flows - modified cash basis, and changes in net assets - modified cash basis for the years then ended, on the basis of accounting described in Note A.

Columbus, Ohio  
October 14, 2008

A handwritten signature in black ink that reads "Hemphill &amp; Associates".

**CITIZENS FOR HUMANE ACTION, INC.**  
**STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS**  
**AS OF DECEMBER 31, 2007 AND 2006**

<b>ASSETS</b>	<b>2007</b>	<b>2006</b>
<b>Current Assets</b>		
Cash	\$ 48,133	\$ 113,214
Endowment Fund - Columbus Foundation	150,883	142,060
Total Cash	<u>199,016</u>	<u>255,274</u>
<b>Other Assets</b>		
Investments: Common Stock	-	6,310
Total Current Assets	<u>199,016</u>	<u>261,584</u>
<b>Fixed Assets</b>		
Land and Improvements	91,011	89,308
Building and Improvements	745,625	741,656
Equipment	114,225	107,490
Software	1,238	1,238
Total Fixed Assets	<u>952,099</u>	<u>939,692</u>
<b>Less: Accumulated Depreciation</b>	<u>(141,592)</u>	<u>(120,143)</u>
Total Net Fixed Assets	<u>810,507</u>	<u>819,549</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,009,523</u></u>	<u><u>\$ 1,081,133</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 225	\$ -
Payroll Liabilities	2,651	2,457
Unclaimed Funds	829	829
Total Liabilities	<u>3,705</u>	<u>3,286</u>
<b>Net Assets</b>		
Total Unrestricted	998,222	1,071,292
Total Temporarily Restricted	7,596	6,555
Total Net Assets	<u>1,005,818</u>	<u>1,077,847</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,009,523</u></u>	<u><u>\$ 1,081,133</u></u>

The accompanying notes are an integral part of these financial statements.

**CITIZENS FOR HUMANE ACTION, INC.**  
**STATEMENT OF SUPPORT, REVENUE, AND EXPENSES - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<b>REVENUES</b>			
Fundraising	\$ 74,075	\$ -	\$ 74,075
Grants	5,010	-	5,010
Donations	106,879	10,907	117,786
Adoptions	39,957	-	39,957
Interest Income	825	-	825
Membership Dues	6,435	-	6,435
Surrendered Animals	2,837	-	2,837
Redeemed Animals	1,075	-	1,075
Miscellaneous	2,094	-	2,094
RASCAL	55	-	55
Realized Gain on Investments	8,032	-	8,032
Net Assets Released Through			
Satisfaction of Program Restrictions	9,866	(9,866)	-
<b>TOTAL REVENUES</b>	<u>257,140</u>	<u>1,041</u>	<u>258,181</u>
<b>EXPENSES</b>			
Advertising	889	-	889
Automobile	327	-	327
Bank Service Charges	648	-	648
Fundraising Expenses	28,107	-	28,107
Depreciation	21,449	-	21,449
Dues & Subscriptions	229	-	229
Insurance	5,571	-	5,571
Lawn Care	2,431	-	2,431
Maintenance & Rental	5,676	-	5,676
Medical Reimbursement	267	-	267
Miscellaneous	3,809	-	3,809
Nova Fees	1,484	-	1,484
Office Supplies & Other	869	-	869
Supplies Related to Animal Care	15,418	-	15,418
Wages and Related Taxes	170,256	-	170,256
Postage & Delivery	5,413	-	5,413
Printing & Reproduction	9,089	-	9,089
RASCAL	2,775	-	2,775
Sales Tax	144	-	144
Security	486	-	486
Telephone	2,207	-	2,207
Trash & Hauling	2,039	-	2,039
Utilities	13,373	-	13,373
Veterinary Services	37,254	-	37,254
<b>TOTAL EXPENSES</b>	<u>330,210</u>	<u>-</u>	<u>330,210</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ (73,070)</u>	<u>\$ 1,041</u>	<u>\$ (72,029)</u>

The accompanying notes are an integral part of these financial statements.

**CITIZENS FOR HUMANE ACTION, INC.**  
**STATEMENT OF SUPPORT, REVENUE, AND EXPENSES - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<b>REVENUES</b>			
Fundraising	\$ 151,971	\$ -	\$ 151,971
Donations	130,166	20,392	150,558
Adoptions	67,378	-	67,378
Build-A-Bear Grant	10,000	-	10,000
Membership Dues	4,780	-	4,780
Surrendered Animals	3,915	-	3,915
Redeemed Animals	560	-	560
RASCAL	7,192	-	7,192
Unrealized Gain on Investments	13,216	-	13,216
Net Assets Released Through			
Satisfaction of Program Restrictions	33,837	(33,837)	-
<b>TOTAL REVENUES</b>	<u>423,015</u>	<u>(13,445)</u>	<u>409,570</u>
<b>EXPENSES</b>			
Adoption Refunds	1,190	-	1,190
Advertising	1,088	-	1,088
Amortization	33	-	33
Automobile	784	-	784
Bank Service Charges	1,016	-	1,016
Fundraising Expenses	74,927	-	74,927
Depreciation	34,200	-	34,233
Dues & Subscriptions	213	-	213
Insurance	5,973	-	5,973
Lawn Care	3,831	-	3,831
Maintenance & Rental	4,497	-	4,497
Medical Reimbursement	362	-	362
Miscellaneous	5,750	-	5,717
Nova Fees	2,041	-	2,041
Office Supplies & Other	1,329	-	1,329
Supplies Related to Animal Care	37,671	-	37,671
Wages and Related Taxes	102,942	-	102,942
Postage & Delivery	3,821	-	3,821
Printing & Reproduction	7,229	-	7,229
Sales Tax	8,913	-	8,913
Security	317	-	317
Telephone	461	-	461
Trash & Hauling	2,355	-	2,355
Travel & Entertainment	2,019	-	2,019
Utilities	16,735	-	16,735
Veterinary Services	47,538	-	47,538
<b>TOTAL EXPENSES</b>	<u>367,235</u>	<u>-</u>	<u>367,235</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ 55,780</u>	<u>\$ (13,445)</u>	<u>\$ 42,335</u>

The accompanying notes are an integral part of these financial statements.

**CITIZENS FOR HUMANE ACTION, INC.**  
**STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<b>2007</b>	<b>2006</b>
<b>Cash Flows from Operating Activities</b>		
(Decrease) Increase in Net Assets	\$ (72,029)	\$ 42,335
Depreciation	21,449	34,233
Realized Loss (Gain) on Sale of Stock	(8,032)	96
Increase in Payroll Liabilities	194	894
Increase in Unclaimed Funds	-	190
Increase in Accounts Payable	225	-
<b>Net Cash (Used In) Provided by Operating Activities</b>	<b>(58,193)</b>	<b>77,748</b>
 <b>Cash Flows from Investing Activities</b>		
Purchase of Fixed Assets	(12,407)	(8,103)
Proceeds from Sale of Stock	14,342	-
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>1,935</b>	<b>(8,103)</b>
 <b>Cash Flows From Financing Activities</b>	<b>-</b>	<b>-</b>
 Net (Decrease) Increase in Cash	(56,258)	69,645
Cash at Beginning of Year	255,274	185,629
<b>Cash at End of Year</b>	<b>\$ 199,016</b>	<b>\$ 255,274</b>

The accompanying notes are an integral part of these financial statements.

**CITIZENS FOR HUMANE ACTION, INC.**  
**STATEMENT OF CHANGES IN NET ASSETS - MODIFIED CASH BASIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
Net Assets - December 31, 2005	\$ 1,015,512	\$ 20,000	\$ 1,035,512
Change in Net Assets - 2006	55,780	(13,445)	42,335
Net Assets - December 31, 2006	<u>1,071,292</u>	<u>6,555</u>	<u>1,077,847</u>
Change in Net Assets - 2007	(73,070)	1,041	(72,029)
Net Assets - December 31, 2007	<u><u>\$ 998,222</u></u>	<u><u>\$ 7,596</u></u>	<u><u>\$ 1,005,818</u></u>

The accompanying notes are an integral part of these financial statements.

**CITIZENS FOR HUMANE ACTION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

<b>NOTE A - SUMMARY OF SIGNIFICANT ORGANIZATIONAL AND ACCOUNTING POLICIES</b>
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**Nature of Activities**

Citizens for Humane Action, Inc. (“CHA”) was incorporated on July 23, 1975 in the State of Ohio. The Corporation was formed to serve the people and animals of Franklin County, Ohio and surrounding counties, by fostering and promoting humane care and treatment of animals with the objective of directly engaging in activities designed to relieve the suffering of animals and instill compassion, consideration, and respect for animal life.

On November 10, 1975, CHA received approval under Section 501(c)(3) of the Internal Revenue Code as a non-profit entity and, therefore, is exempt from federal income taxes on related income. As such, no provision for income taxes is included in these financial statements. Donations to CHA are deductible by the donor as charitable contributions for federal income tax purposes.

**Basis of Accounting**

The Corporation’s policy is to prepare financial statements on the modified cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned and certain expenses and purchases are recognized when cash is disbursed rather than when the obligation is incurred. In addition, investments are at market value, fixed assets are recorded, and payroll liabilities are recognized.

**Depreciation**

Property and equipment are recorded at cost for financial reporting purposes and depreciated under the straight-line method over their estimated economic useful lives as follows:

Software	10 years
Equipment	10 years
Building	39 years

**Investments and Endowment Fund**

Investments in mutual funds and common stock are valued at their fair market value based upon published stock prices as of December 31, 2007 and 2006.

**Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CITIZENS FOR HUMANE ACTION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

<b>NOTE A - SUMMARY OF SIGNIFICANT ORGANIZATIONAL AND ACCOUNTING POLICIES - CONTINUED</b>
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**Net Assets**

The financial statement presentation follows the requirements 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, CHA 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. A description of the three net asset categories follows.

- Unrestricted net assets have no donor-imposed restrictions.
- Temporarily restricted net assets have donor-imposed restrictions that will expire in the future.
- Permanently restricted net assets have donor-imposed restrictions which do not expire. There were no permanently restricted net assets at December 31, 2007.