

The Humane Society Of The United States And Affiliates

Supplementary Financial Report
December 31, 2010

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Independent Auditor's Report On The Supplementary Information

To the Board of Directors
The Humane Society of the United States
Washington, D.C.

We have submitted under separate cover, the consolidated financial statements of The Humane Society of the United States and Affiliates (the Society) for the year ended December 31, 2010, and our report thereon, dated July 21, 2011, is as follows:

We have audited the accompanying consolidated balance sheet of The Humane Society of the United States and Affiliates (the Society) as of December 31, 2010, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year's summarized comparative information has been derived from the Society's 2009 consolidated financial statements and in our report, dated August 6, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. 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 audit provides a reasonable basis for our opinion.

In our opinion, the 2010 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Humane Society of the United States and Affiliates as of December 31, 2010, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated July 21, 2011, on our consideration of the Society's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our tests of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and in our opinion is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole and should be read in conjunction with those financial statements and related notes.

The supplementary information submitted herewith is as follows:

1. Supplemental Schedule Of Functional Expenses – Fund For Animals.
2. Supplemental Footnote Disclosure – Fund For Animals
3. Supplemental Footnote Disclosure – Fund For Animals Joint Cost Allocation

McGladrey & Pullen, LLP

Gaithersburg, Maryland
July 21, 2011

The Humane Society of the United States And Affiliates

**Supplemental Schedule Of Functional Expenses – Fund For Animals
Year Ended December 31, 2010**

	Education & Policy	Direct Care Facilities	Total Program Services	Management & General	Fundraising	Total
Salaries	\$ 295,633	\$ 1,182,530	\$ 1,478,163	\$ 102,813	\$ 116,824	\$ 1,697,800
Employee benefits	84,338	337,354	421,692	29,331	33,328	484,351
Total compensation	379,971	1,519,884	1,899,855	132,144	150,152	2,182,151
Consultant and contracted services	-	324,990	324,990	29,778	33,834	388,602
Legal fees	105,653	-	105,653	11,551	13,124	130,328
Audit fees	4,496	-	4,496	118	136	4,750
In-kind supplies expense	-	18,073	18,073	-	-	18,073
Office supplies and expenses	-	840,891	840,891	61,002	69,315	971,208
Telephone	12,957	42,753	55,710	3,875	4,403	63,988
Postage and shipping	2,408	15,538	17,946	1,279	1,453	20,678
Occupancy and building expense	155,628	389,269	544,897	37,900	43,065	625,862
Banking and lockbox fees	26,580	438	27,018	5,417	6,155	38,590
Travel, meals and lodging	2,949	159,854	162,803	11,324	12,867	186,994
Depreciation	-	169,598	169,598	11,796	13,404	194,798
Contributions and grants	162,469	-	162,469	-	-	162,469
Real estate and personal property taxes	1,831	17,147	18,978	1,672	1,899	22,549
Education material, publications and campaigns	303,954	31,757	335,711	77,163	87,679	500,553
Total non-compensation expenses	778,925	2,010,308	2,789,233	252,875	287,334	3,329,442
Total expenses	\$ 1,158,896	\$ 3,530,192	\$ 4,689,088	\$ 385,019	\$ 437,486	\$ 5,511,593

Supplemental Footnote Disclosure – Fund For Animals

Year Ended December 31, 2010

Reconciliation Of Functional Expenses

The schedule of functional expenses excluded a contribution to a related party. For the year ended December 31, 2010, the reconciliation to the consolidating statement of activities is summarized as follows:

Total Program Expenses – Consolidating Statement Of Activities	\$ 14,594,678
Less: Contribution to related party	<u>(9,905,590)</u>
	<u>\$ 4,689,088</u>

Supplemental Footnote Disclosure – Fund For Animals Joint Cost Allocation

Year Ended December 31, 2010

Allocation of Joint Costs

The Fund for Animals has allocated the joint costs of providing calls to action and activities that include a fundraising appeal. Since only those activities which include both programmatic and fundraising components are included in this allocation, the amounts below do not include all the expenses presented in the statement of functional expenses. For the year ended December 31, 2010, the allocation of the joint costs is summarized as follows:

Programs	\$	712,914
Fundraising		437,431
Membership development		35,578
	\$	<u>1,185,923</u>