

York County Society For The Prevention Of Cruelty To Animals

**Financial Statements And
Independent Auditors' Report**

December 31, 2019 And 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
York County Society for the Prevention
of Cruelty to Animals

Report on the Financial Statements

We have audited the accompanying financial statements of the York County Society for the Prevention of Cruelty to Animals (SPCA), which comprise the Statements of Financial Position as of December 31, 2019 and 2018, and the related Statements of Activities, Functional Expenses by Natural Classification, Changes in Net Assets, and Cash Flows for the years 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 accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

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 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 auditors' 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 auditors consider internal control relevant to the entity'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 entity'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.

INDEPENDENT AUDITORS' REPORT - continued

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 financial position of the York County SPCA as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Stambaugh Ness, Inc.

York, Pennsylvania
November 10, 2020

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2019	2018
CURRENT ASSETS		
Cash	\$ 465,675	\$ 244,361
Pledges receivable	91,797	84,727
Investment income receivable	3,971	4,123
Accounts receivables	4,714	620
Inventory	10,202	14,693
Prepaid insurance	15,581	18,009
Total current assets	591,940	366,533
OTHER ASSETS		
Property and equipment, net	3,290,321	3,337,995
Investments	2,997,073	2,581,279
Interest in net assets of a community foundation	36,700	32,040
Beneficial interest in perpetual and remainder trusts	1,483,871	1,310,122
Total other assets	7,807,965	7,261,436
Total assets	\$8,399,905	\$7,627,969

See accompanying notes.

LIABILITIES AND NET ASSETS

	December 31,	
	2019	2018
CURRENT LIABILITIES		
Line of credit	\$ 389,493	\$ -
Accounts payable	45,540	42,686
Accrued payroll	60,571	35,295
Payroll taxes withheld and accrued	15,400	10,307
Accrued expenses	2,749	775
Current portion of note payable	124,755	121,462
Current portion of capital lease obligation	7,277	6,923
Deferred revenue	17,048	31,152
	662,833	248,600
NONCURRENT LIABILITIES		
Capital lease obligation, net of current portion	17,765	25,042
Note payable, net of current portion	488,103	618,497
	505,868	643,539
Total other liabilities	505,868	643,539
Total liabilities	1,168,701	892,139
NET ASSETS		
Without donor restrictions	5,369,168	5,063,490
With donor restrictions	1,862,036	1,672,340
	7,231,204	6,735,830
Total net assets	7,231,204	6,735,830
Total liabilities and net assets	\$ 8,399,905	\$ 7,627,969

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2019

	<u>Net Assets without Donor Restrictions</u>	<u>Net Assets with Donor Restrictions</u>	<u>Totals</u>
SUPPORT AND REVENUE			
Contributions	\$ 689,125	\$ 15,250	\$ 704,375
Bequests	271,830	7,070	278,900
Grant income	103,000	-	103,000
Program fees	502,019	-	502,019
Low cost spay/neuter income	461,590	-	461,590
Income from municipalities	349,609	-	349,609
Special events, net of expenses of \$15,667	43,929	-	43,929
Interest and dividends, net of fees	54,900	-	54,900
Memorials and trusts	60,622	-	60,622
In-kind contributions	14,493	-	14,493
Second chance	2,424	28,651	31,075
Miscellaneous income	10,197	-	10,197
Sale of pet supplies, net of expenses of \$14,824	3,988	-	3,988
Gain on sale of investments	68,243	-	68,243
Loss on sale of property and equipment	(2,813)	-	(2,813)
Net assets released from restrictions	35,024	(35,024)	-
	<u>2,668,180</u>	<u>15,947</u>	<u>2,684,127</u>
Total support and revenue			
EXPENSES			
Program services	2,159,450	-	2,159,450
Supporting services:			
Management and general	511,018	-	511,018
Fundraising	66,631	-	66,631
	<u>2,737,099</u>	<u>-</u>	<u>2,737,099</u>
Total expenses			
Support and revenue over expenses	(68,919)	15,947	(52,972)
Change in value of perpetual and remainder trusts	-	173,749	173,749
Change in interest in net assets of Community Foundation	4,660	-	4,660
Unrealized holding gain on investments	369,937	-	369,937
CHANGES IN NET ASSETS	<u><u>\$ 305,678</u></u>	<u><u>\$ 189,696</u></u>	<u><u>\$ 495,374</u></u>

See accompanying notes.

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2018

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Totals
SUPPORT AND REVENUE			
Contributions	\$ 692,439	\$ 32,068	\$ 724,507
Bequests	273,317	-	273,317
Grant income	100,000	-	100,000
Program fees	516,242	-	516,242
Low cost spay/neuter income	403,850	-	403,850
Income from municipalities	350,102	-	350,102
Special events, net of expenses of \$17,913	64,163	-	64,163
Interest and dividends, net of fees	47,415	-	47,415
Memorials and trusts	61,483	-	61,483
In-kind contributions	13,892	-	13,892
Second chance	-	47,417	47,417
Miscellaneous income	16,606	-	16,606
Sale of pet supplies, net of expenses of \$11,163	13,650	-	13,650
Gain on sale of investments	8,391	-	8,391
Net assets released from restrictions	102,316	(102,316)	-
Total support and revenue	2,663,866	(22,831)	2,641,035
EXPENSES			
Program services	2,032,148	-	2,032,148
Supporting services:			
Management and general	375,757	-	375,757
Fundraising	75,100	-	75,100
Total expenses	2,483,005	-	2,483,005
Support and revenue over expenses	180,861	(22,831)	158,030
Change in value of perpetual and remainder trusts	-	(180,040)	(180,040)
Change in interest in net assets of Community Foundation	(4,232)	-	(4,232)
Unrealized holding loss on investments	(278,519)	-	(278,519)
CHANGES IN NET ASSETS	\$ (101,890)	\$ (202,871)	\$ (304,761)

See accompanying notes.

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
STATEMENTS OF FUNCTIONAL EXPENSES BY NATURAL CLASSIFICATION
YEAR ENDED DECEMBER 31, 2019

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 1,146,251	\$ 191,042	\$ 27,291	\$ 1,364,584
Animal maintenance	510,451	-	-	510,451
Depreciation	123,179	21,736	-	144,915
Professional fees	-	134,092	-	134,092
Payroll taxes	96,902	16,150	2,308	115,360
Insurance - group	79,083	13,181	1,883	94,147
Miscellaneous	32,627	32,626	-	65,253
Insurance - general	31,667	31,666	-	63,333
Utilities	49,504	8,736	-	58,240
Repairs and maintenance	33,989	-	-	33,989
Interest	-	29,677	-	29,677
Office expenses	-	10,858	10,858	21,716
Retirement	16,120	2,687	384	19,191
Newsletter	-	-	17,988	17,988
Information technology support	7,108	7,108	-	14,216
Telephone	11,446	1,908	272	13,626
Dues, subscriptions, and publications	-	5,648	5,647	11,295
Auto expenses	8,204	912	-	9,116
Education	3,624	-	-	3,624
Uniforms	3,611	-	-	3,611
Licenses and permits	-	2,831	-	2,831
Second chance expenses	2,424	-	-	2,424
Adoption expenses	1,631	-	-	1,631
Spay/neuter	1,629	-	-	1,629
Advertising	-	160	-	160
	<u>\$2,159,450</u>	<u>\$ 511,018</u>	<u>\$ 66,631</u>	<u>\$2,737,099</u>

See accompanying notes.

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
STATEMENTS OF FUNCTIONAL EXPENSES BY NATURAL CLASSIFICATION
YEAR ENDED DECEMBER 31, 2018

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 1,015,571	\$ 169,262	\$ 24,180	\$ 1,209,013
Animal maintenance	542,216	-	-	542,216
Depreciation	123,621	21,814	-	145,435
Professional fees	-	22,388	-	22,388
Payroll taxes	87,815	14,636	2,091	104,542
Insurance - group	81,358	13,560	1,937	96,855
Miscellaneous	19,146	19,145	-	38,291
Insurance - general	29,948	29,948	-	59,896
Utilities	49,467	8,730	-	58,197
Repairs and maintenance	21,242	-	-	21,242
Interest	-	29,266	-	29,266
Office expenses	-	8,398	8,398	16,796
Retirement	19,951	3,325	475	23,751
Newsletter	-	-	28,578	28,578
Information technology support	15,956	15,956	-	31,912
Telephone	10,461	1,743	249	12,453
Dues, subscriptions, and publications	-	9,192	9,192	18,384
Auto expenses	7,434	826	-	8,260
Education	398	-	-	398
Uniforms	2,036	-	-	2,036
Licenses and permits	-	7,568	-	7,568
Spay/neuter	5,528	-	-	5,528
	<u>\$ 2,032,148</u>	<u>\$ 375,757</u>	<u>\$ 75,100</u>	<u>\$ 2,483,005</u>

See accompanying notes.

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>Net Assets without Donor Restrictions</u>	<u>Net Assets with Donor Restrictions</u>	<u>Totals</u>
NET ASSETS			
JANUARY 1, 2018	\$ 5,165,380	\$ 1,875,211	\$ 7,040,591
Changes in net assets	<u>(101,890)</u>	<u>(202,871)</u>	<u>(304,761)</u>
NET ASSETS			
DECEMBER 31, 2018	5,063,490	1,672,340	6,735,830
Changes in net assets	<u>305,678</u>	<u>189,696</u>	<u>495,374</u>
NET ASSETS			
DECEMBER 31, 2019	<u>\$ 5,369,168</u>	<u>\$ 1,862,036</u>	<u>\$ 7,231,204</u>

See accompanying notes.

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
STATEMENTS OF CASH FLOWS

	Years ended December 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 495,374	\$ (304,761)
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Restricted contributions - property and equipment	-	(15,000)
Depreciation	144,915	145,435
Amortization of loan origination fees	3,193	3,193
Loss on sale of property and equipment	2,813	-
Gain on sale of investments	(68,243)	(8,391)
In-kind contribution - capital lease payments	(6,923)	(6,586)
Change in value of interest in net assets of Community Foundation	(4,660)	4,232
Change in value of perpetual and remainder trusts	(173,749)	180,040
Unrealized holding (gains) losses on investments	(369,937)	278,519
Change in assets:		
Investment income receivable	152	58
Accounts receivables	(4,094)	1,341
Inventory	4,491	30
Prepaid insurance	2,428	(6,950)
Pledges receivable	(7,070)	(32,068)
Change in liabilities:		
Accounts payable	2,854	(10,756)
Accrued payroll	25,276	(2,394)
Payroll taxes withheld and accrued	5,093	(1,905)
Deferred municipality revenue	(14,104)	(1,109)
Accrued expenses	1,974	(295)
	39,783	222,633
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(100,354)	(53,238)
Proceeds from charitable remainder trust	-	31,473
Purchase of investments	(1,193,858)	(1,500,737)
Proceeds from sale of investments	1,216,244	1,574,419
Proceeds from sale of property and equipment	300	-
	(77,668)	51,917
CASH FLOWS FROM FINANCING ACTIVITIES		
Restricted contributions - property and equipment	-	15,000
Change in line of credit	389,493	(95,000)
Payments on note payable	(130,294)	(126,728)
	259,199	(206,728)
Net cash from financing activities	259,199	(206,728)
Net change in cash	221,314	67,822
Cash, beginning	244,361	176,539
Cash, ending	\$ 465,675	\$ 244,361

See accompanying notes.

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE A - NATURE OF OPERATIONS

The York County Society for the Prevention of Cruelty to Animals, a Pennsylvania nonprofit organization, (the Organization) was founded for the purpose of serving the residents of York County by preventing animal cruelty, ensuring a safer community, cultivating empathy while respecting the rights of others, and helping pets remain in living homes. The Organization also provides low cost spay and neuter services. The Organization derives substantially all of its revenues from contributions, bequests, program fees, and investment income.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, if any, 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.

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Cash and Cash Equivalents

Cash and cash equivalents include investment in highly liquid debt instruments with a maturity of three months or less that the Organization uses for general operating purposes. There were no cash equivalents as of December 31, 2019 and 2018.

Accounts Receivable

Accounts receivable are stated at outstanding balances. The Organization considers accounts receivable to be fully collectible. If collection becomes doubtful, an allowance for doubtful accounts will be established, or the accounts will be charged to income when that determination is made by management. Unpaid balances remaining after the stated payment terms are considered past due. Recoveries of previously charged off accounts are recorded when received.

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. Accretion of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date.

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Inventory

Inventory is determined by physical count and is stated at the lower of cost or realizable value. Cost is determined using the first-in, first-out method. Inventory consisted of items sold in the Organization's gift shop at December 31, 2019.

Property and Equipment

Property and equipment are stated at cost and are depreciated on the straight-line or accelerated methods over their estimated average useful lives as follows: buildings and improvements, ten to thirty-nine years; and equipment, three to ten years.

The Organization's policy is to capitalize assets that have a unit cost greater than \$1,000 and a useful life of more than one year. Maintenance and minor repairs which do not significantly improve or extend the lives of the assets are charged to operations when incurred. Additions, improvements and major repairs are capitalized if they significantly extend the life of an asset and exceed the capitalization policy threshold.

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Investments

Investments in debt and equity securities with readily determinable fair values are reported at fair value. Unrealized gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Realized gains or losses, if any, on the sale or disposal of investments are computed on a specific identification basis and are also included as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Beneficial interests in perpetual and charitable remainder trusts are reported at fair value, as determined by the Organization's beneficiary interest percentage in the trusts. The change in the value of the beneficial interests in perpetual trusts and charitable remainder trusts are reported as increases or decreases in net assets with donor restrictions.

Interest in net assets of a community foundation is reported at fair value as determined by the community foundation.

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Loan Origination Fees

Costs related to the closing of the long-term debt are capitalized and amortized to interest expense over the straight-line terms of the related long-term debt. Gross loan costs amounted to \$38,321 as of December 31, 2019 and 2018. Accumulated amortization amounted to \$20,489 and \$17,296 as of December 31, 2019 and 2018, respectively. Total amortization expense recognized in interest expense amounted to \$3,193 for each of the years ended December 31, 2019 and 2018.

Revenue Recognition

Contributions

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

All contributions are considered to be available for operations unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as support with donor restrictions that increases that net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as without donor restrictions.

Grant Income

Grant income deemed to be a contribution is classified as with donor restrictions when received or receivable. Such grant revenue is not deemed to be in respect of exchange transactions since the proceeds thereof are non-reciprocal, unconditional, and voluntary.

The Organization also receives grant income, which is deemed to be in respect of exchange transactions and is classified as revenue without donor restrictions or deferred revenue, as appropriate, when received or receivable. Such grant revenue is not deemed to be a contribution since the proceeds thereof are used to pursue objectives of the grantor.

Program Income

Program income includes adoption income and veterinary services offered by the Organization. Program income is recognized at the time the service is provided. Fees for adoption include certain veterinary services, which are not separately priced for the adoptable animals and are therefore considered to be one performance obligation. Veterinary services provided for other animals are individually priced; therefore, no allocation of the transaction price is required. Any amounts collected but unearned would be classified as deferred revenue and recognized as income in the applicable period.

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue Recognition - continued

Low Cost Spay/Neuter Income

Low cost spay/neuter income is recognized at the time the service is provided. Fees for the spay/neuter services include certain veterinary services, which are not separately priced for the surgery and are therefore considered to be one performance obligation. Any additional fees that are required as a prerequisite to surgery are individually priced; therefore, no allocation of the transaction price is required. Any amounts collected but unearned would be classified as deferred revenue and recognized as income in the applicable period.

Income from Municipalities

Income from municipalities operates on an annual basis and is recognized as revenue in the year the respective contract is in effect. Any amounts collected but unearned would be classified as deferred revenue and recognized as income in the applicable period.

Functional Expense Classification

The costs of providing the various programs and other activities are summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses by Natural Classification. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Supporting services consist of management and general and fundraising expenses. Expenses require allocation on a reasonable basis that is consistently applied. Expenses are generally allocated on the basis of estimates of time and effort.

Net Assets

The Organization's net assets and changes therein are classified and reported, based on the existence or absence of donor-imposed stipulations as follows:

- **Net assets without donor restrictions** - Net assets that are not subject to donor-imposed stipulations.
- **Net assets with donor restrictions** - Net assets subject to donor-imposed stipulations that will be met either by action of the Organization and/or the passage of time. When a restriction expires, the Organization reports the transfer on the Statement of Activities as net assets released from restrictions.

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Change in Accounting Principles

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 supersedes or replaces nearly all U.S. GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Organization implemented this standard during the year ended December 31, 2019. The Organization has determined that the adoption of ASU 2014-09 did not result in an adjustment to net assets as of January 1, 2019 and did not have a material effect on the 2019 financial statements.

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and improves the scope and the accounting guidance for contributions. The update provides a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance. For contributions received, this guidance is effective for annual periods beginning after December 15, 2018. For contributions made, this guidance is effective for the annual period beginning after December 15, 2019. During the year ended December 31, 2019, the Organization implemented the provisions of ASU 2018-08 applicable to contributions received under a modified perspective basis. Accordingly, there is no effect on net assets in connection with the Organization's implementation of this standard.

Upcoming Accounting Pronouncements

In September 2020, FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which will require not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. Also, this ASU will require disclosure of a disaggregation of the amount of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets as well as additional information around valuation and usage of the contributed nonfinancial assets. The amendments in this standard should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. The Organization is currently evaluating the impact of this new standard on its financial statements.

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE C - TAX EXEMPT STATUS

The Organization is exempt from federal and state income taxes as a nonprofit Organization under Section 501(c)(3) of the Internal Revenue Code and organized under the Pennsylvania Nonprofit Corporation Law. Accordingly, no provision for federal or state income taxes has been recorded in the financial statements. Adjustments, if any, for uncertain tax positions would be recorded as a liability. The Organization would also recognize accruals for interest and penalties related to uncertain tax positions in its interest expense. The Organization is no longer subject to tax examinations by tax authorities for years before 2016.

NOTE D - CASH

Cash consists of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Checking accounts	\$ 235,732	\$ 198,847
Undeposited funds	183,262	-
Savings accounts	46,051	44,884
Petty cash	<u>630</u>	<u>630</u>
	<u>\$ 465,675</u>	<u>\$ 244,361</u>

The Organization maintains its cash balances in one financial institution. The balances insured for all accounts by the Federal Deposit Insurance Corporation were up to \$250,000 at December 31, 2019 and 2018. As of December 31, 2019 and 2018, the Organization's uninsured balances were \$105,231 and \$21,157, respectively.

NOTE E - PLEDGES RECEIVABLE

Unconditional pledges receivable as of December 31, 2019 and 2018 are \$91,797 and \$84,727, respectively. All pledges are considered current and fully collectible within one year.

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Buildings and improvements	\$ 3,846,081	\$ 3,845,140
Land	370,749	370,749
Office and miscellaneous equipment	428,669	356,862
Kennel	109,289	110,899
Vehicles and equipment	79,077	81,368
Recovery rooms	58,479	61,179
Medic rooms	229,473	229,473
Euthanasia room	<u>2,500</u>	<u>2,500</u>
	5,124,317	5,058,170
Accumulated depreciation	<u>(1,833,996)</u>	<u>(1,720,175)</u>
Property and equipment, net	<u>\$ 3,290,321</u>	<u>\$ 3,337,995</u>

NOTE G - INVESTMENTS

Investments by type consist of the following as of December 31:

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Endowments:				
Common stocks	\$ 549,551	\$ 665,674	\$ 697,642	\$ 661,032
Equity mutual funds	1,037,634	1,208,851	920,683	884,420
Fixed income - U.S. treasuries	204,162	204,961	35,228	36,097
Fixed income - corporate securities	185,844	194,656	272,508	262,030
Fixed income - mutual funds	568,785	567,761	598,249	575,597
Other investments	42,542	37,935	55,910	49,331
Money market	<u>117,235</u>	<u>117,235</u>	<u>112,772</u>	<u>112,772</u>
Total endowments	2,705,753	2,997,073	2,692,992	2,581,279
Beneficial interests in perpetual and remainder trusts	1,270,110	1,483,871	1,276,684	1,310,122
Interest in net assets of a community foundation	<u>25,100</u>	<u>36,700</u>	<u>25,100</u>	<u>32,040</u>
	<u>\$ 4,000,963</u>	<u>\$ 4,517,644</u>	<u>\$ 3,994,776</u>	<u>\$ 3,923,441</u>

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE G - INVESTMENTS - continued

Fair Value Measurements

Accounting Standards Codification (ASC) 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable inputs which have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investment. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 and Level 2 inputs are not available.

Financial Instruments

The estimated fair values of the Organization's financial instruments for the years ended December 31, 2019 and 2018 are as follows:

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Endowments:				
Common stocks	\$ 665,674	\$ -	\$ -	\$ 665,674
Equity mutual funds	1,208,851	-	-	1,208,851
Fixed income - U.S treasuries	204,961	-	-	204,961
Fixed income - corporate securities	194,656	-	-	194,656
Fixed income - mutual funds	567,761	-	-	567,761
Other investments	37,935	-	-	37,935
Money market	117,235	-	-	117,235
Total endowments	2,997,073	-	-	2,997,073
Beneficial interests in perpetual and remainder trusts	-	-	1,483,871	1,483,871
Interest in net assets of a community foundation	-	-	36,700	36,700
	<u>\$ 2,997,073</u>	<u>\$ -</u>	<u>\$ 1,520,571</u>	<u>\$ 4,517,644</u>

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE G - INVESTMENTS - continued

Financial Instruments - continued

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Endowments:				
Common stocks	\$ 661,032	\$ -	\$ -	\$ 661,032
Equity mutual funds	884,420	-	-	884,420
Fixed income - U.S treasuries	36,097	-	-	36,097
Fixed income - corporate securities	262,030	-	-	262,030
Fixed income - mutual funds	575,597	-	-	575,597
Other investments	49,331	-	-	49,331
Money market	112,772	-	-	112,772
 Total endowments	 2,581,279	 -	 -	 2,581,279
 Beneficial interests in perpetual and remainder trusts	 -	 -	 1,310,122	 1,310,122
Interest in net assets of a community foundation	-	-	32,040	32,040
	<u>\$ 2,581,279</u>	<u>\$ -</u>	<u>\$ 1,342,162</u>	<u>\$ 3,923,441</u>

The change in Level 3 fair value inputs is as follows:

	2019	2018
Beginning balance	\$ 1,342,162	\$ 1,557,907
Investment returns, net	178,409	(184,272)
Disbursements	-	(31,473)
 Ending balance	<u>\$ 1,520,571</u>	<u>\$ 1,342,162</u>

The endowment investment account balance is insured against the loss of securities upon broker liquidation in amounts up to \$500,000 by the Securities Investor Protection Corporation (SIPC) at December 31, 2019 and 2018.

The Organization's investments in common stocks, mutual funds, U.S. treasuries, corporate securities, and other investments are stated at fair value as determined by quoted market price which is considered a Level 1 input.

Earnings on the invested funds, realized and unrealized gains or losses on investments are reflected within investment return, net, in the statement of activities. Interest income is recorded when earned whether or not received. Dividends are recorded on the ex-dividend date.

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE G - INVESTMENTS - continued

Beneficial Interest in Perpetual and Remainder Trusts

The Organization is named as beneficiary under several perpetual and remainder trusts. The beneficiary interest allocation ranges from 5% to 100% for the years ended December 31, 2019 and 2018.

The Organization's beneficial interests in perpetual and remainder trusts are stated at fair value as determined by the Organization's interest in the fair value of the underlying assets, which is considered a Level 3 input.

Interest in Net Assets of Community Foundation

In accordance with ASC 958, the Organizational endowment fund created by the Organization at the York County Community Foundation (Foundation) is reflected in the Statements of Financial Position as interest in net assets of a community foundation. During the year ended December 31, 2008, the Organization contributed \$25,000 to establish the fund. Through December 31, 2019, the Organization has contributed a total of \$25,100 to the fund.

Future contributions are at the discretion of the Board of Directors. As of December 31, 2019 and 2018, the fair value of the Organization's interest in net assets of a community foundation amounted to \$36,700 and \$32,040, respectively. The fund is the property of the Foundation and is held as a component of the Foundation. In accordance with ASC 958, other contributions made directly to the Foundation will create designated endowment funds which are not assets of the Organization and are not reflected in the Statements of Financial Position.

The Organization may, based on unusual circumstances, need or opportunity, request amounts of principal. The Board of Directors of the Foundation will grant such a request, if it concludes that such distribution is neither unreasonable nor inconsistent with the charitable purposes of the Foundation and the Organization. The Organization directed the Foundation to reinvest the income from the fund, until such time as further instructions are provided.

The Organization's interest in net assets of a community foundation is stated at fair value which is determined based on management's assumptions that market participants would use in pricing the asset. The assumptions are developed based on the best information available which is a Level 3 input.

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE H - ENDOWMENT

The Organization's endowments consist of several funds established for a variety of purposes. The endowment includes a fund designated by the Board of Directors to function as an endowment, beneficial interests in perpetual trusts, and interest in net assets of a community foundation. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Return Objectives and Risk Parameters

The Organization has adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include funds designated by the Board of Directors to function as an endowment. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that allow the Organization to fund the appropriate programs while assuming a moderate level of investment risk. The investment related to the Organization's beneficial interest in perpetual trusts and interest in net assets of a community foundation are determined by the trustee of those trusts and the foundation, respectively, rather than the Organization.

The Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE H - ENDOWMENT - continued

Interpretation of Relevant Law

The Board of Directors has interpreted the relevant state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts of the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is considered net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the relevant state law. Unless specifically defined by a donor-restricted endowment fund required by donor stipulation, the Organization considers the following factors in making a determination to accumulate or appropriate endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

Endowment Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Organization currently has no donor-restricted investments requiring a spending policy. The spending of the board-designated funds is at the Board of Directors' discretion. The Board of Directors approves annual disbursements from the funds on a specific need basis with no annual disbursement of more than 4% of the fair market value as of the beginning of the year. The Board of Directors; however, can approve a change to the spending rate in certain circumstances. The Organization's endowment assets also include beneficial interests in perpetual trusts and interest in net assets of a community foundation whose distribution and spending are determined by the trustees of those trusts and the foundation.

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE H - ENDOWMENT - continued

Endowment Spending Policy and How the Investment Objectives Relate to the Spending Policy - continued

The following schedule represents the endowment net asset composition by type of endowment fund as of December 31:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 3,033,773	\$ -	\$ 3,033,773
Donor-restricted endowment funds	-	1,483,871	1,483,871
	<u>\$ 3,033,773</u>	<u>\$ 1,483,871</u>	<u>\$ 4,517,644</u>
	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 2,613,319	\$ -	\$ 2,613,319
Donor-restricted endowment funds	-	1,310,122	1,310,122
	<u>\$ 2,613,319</u>	<u>\$ 1,310,122</u>	<u>\$ 3,923,441</u>

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE H - ENDOWMENT - continued

Endowment Spending Policy and How the Investment Objectives Relate to the Spending Policy - continued

The following schedules represent the changes in endowment net assets for the years ended December 31:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 2,613,319	\$ 1,310,122	\$ 3,923,441
Investment return:			
Interest and dividends, net of fees	54,814	-	54,814
Net gains (realized and unrealized)	442,840	173,749	616,589
Disbursements	<u>(77,200)</u>	<u>-</u>	<u>(77,200)</u>
Endowment net assets, end of year	<u>\$ 3,033,773</u>	<u>\$ 1,483,871</u>	<u>\$ 4,517,644</u>
	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 2,961,361	\$ 1,521,635	\$ 4,482,996
Investment return:			
Interest and dividends, net of fees	47,390	-	47,390
Net losses (realized and unrealized)	(274,360)	(180,040)	(454,400)
Disbursements	<u>(121,072)</u>	<u>(31,473)</u>	<u>(152,545)</u>
Endowment net assets, end of year	<u>\$ 2,613,319</u>	<u>\$ 1,310,122</u>	<u>\$ 3,923,441</u>

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE I - LINE OF CREDIT

The Organization has available for operations a line of credit of \$500,000 with borrowings outstanding at \$389,493 and \$0 on December 31, 2019 and 2018, respectively. The line of credit bears interest at the New York Prime rate minus 0.75%, which was 4.75% and 5.50% as of December 31, 2019 and 2018, respectively. The line of credit is secured with a first lien mortgage on the property at 3159 Susquehanna Trail North, York, PA 17406.

NOTE J - CAPITAL LEASE

On March 20, 2017, the Organization entered into a capital lease for equipment requiring monthly payments of \$697 for 72 months and containing a purchase option at the end of the lease for \$1. Related accumulated amortization totaled \$19,836 and \$12,623 as of December 31, 2019 and 2018, respectively.

Amortization is included with depreciation expense on the Statements of Functional Expenses.

Following are the future minimum payments on the above lease as well as the interest component:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 7,277	\$ 1,087	\$ 8,364
2021	7,650	714	8,364
2022	8,041	323	8,364
2023	<u>2,074</u>	<u>17</u>	<u>2,091</u>
	<u>\$ 25,042</u>	<u>\$ 2,141</u>	<u>\$ 27,183</u>

NOTE K - OPERATING LEASE

In October 2016, the Organization entered into a lease for the use of a copier. The lease is 48 months and requires monthly payments of \$174. The related expenses for the years ending December 31, 2019 and 2018 were \$2,088. The Organization renewed the lease in October 2020. The new lease is also 48 months and requires monthly payments of \$168.

Future minimum payments are as follows for the years ending December 31,:

2020	\$ 2,034
2021	2,016
2022	2,016
2023	2,016
2024	<u>504</u>
	<u>\$ 8,586</u>

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE L - NOTE PAYABLE

On August 30, 2012, the Organization obtained a loan from Fulton Bank, N.A., funded by the General Authority of South Central Pennsylvania. The loan proceeds were used to construct a spay and neuter wing on the site of the existing animal shelter and for related costs. The loan is collateralized by the service agreement described in detail below. The interest rate is fixed at 2.61% for the first ten years and after that is set at 70% of the bank's prime rate. The spay and neuter wing was completed in August 2013 and the Organization began making monthly principal payments in September 2013. Interest rate was 2.61% as of December 31, 2019 and 2018.

The formalized service agreement, between the County of York and the Organization calls for the County to provide annual service payments of \$136,000 commencing June 1, 2013 and continuing over a twelve-year period. Receipt of the annual service payments is dependent upon the Organization continuing to operate the spay and neuter facilities for the benefit of the residents of York County.

The Service Agreement requires that the Organization measure the excess receipts over expenditures directly and solely related to the operation of the spay and neuter facilities. If the excess revenue exceeds \$143,000, the excess funds are to be used to pay additional principal on the project financing. There were no excess funds in the years ending December 31, 2019 and 2018.

Note payable balance is net of loan origination fees related to the issuance of debt. Principal and loan origination fees breakdown as of December 31, 2019 are as follows:

	<u>Principal</u>	Loan <u>Origination Fee</u>	<u>Net Principal</u>
Current portion of note payable	\$ 127,948	\$ (3,193)	\$ 124,755
Long-term portion of note payable	<u>502,742</u>	<u>(14,639)</u>	<u>488,103</u>
	<u>\$ 630,690</u>	<u>\$(17,832)</u>	<u>\$ 612,858</u>

Note payable balance is net of loan origination fees related to the issuance of debt. Principal and loan origination fees breakdown as of December 31, 2018 are as follows:

	<u>Principal</u>	Loan <u>Origination Fee</u>	<u>Net Principal</u>
Current portion of note payable	\$ 124,655	\$ (3,193)	\$ 121,462
Long-term portion of note payable	<u>636,329</u>	<u>(17,832)</u>	<u>618,497</u>
	<u>\$ 760,984</u>	<u>\$(21,025)</u>	<u>\$ 739,959</u>

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE L - NOTE PAYABLE - continued

Following are the future minimum payments on the note payable:

2020	\$ 127,948
2021	134,797
2022	138,357
2023	142,012
2024	<u>87,576</u>
	<u>\$ 630,690</u>

NOTE M - NET ASSETS

The Organization's net assets without donor restrictions consist of undesignated and board-designated amounts for the following purposes as of December 31:

	<u>2019</u>	<u>2018</u>
Undesignated	\$ 2,335,395	\$ 2,450,171
Board-designated for Endowment	<u>3,033,773</u>	<u>2,613,319</u>
	<u>\$ 5,369,168</u>	<u>\$ 5,063,490</u>

The Organization's net assets with donor restrictions consist of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Subject to expenditures for specific purpose:		
Second chance program	\$ 182,174	\$ 153,522
Equine care program	36,646	68,376
Wildside program	27,631	30,926
Spay it forward program	39,917	24,667
Subject to the passage of time:		
Beneficial interest in charitable remainder trusts	158,768	121,766
Pledges receivable - operations	91,797	84,727
Perpetual in nature		
Beneficial interest in perpetual trusts	<u>1,325,103</u>	<u>1,188,356</u>
	<u>\$ 1,862,036</u>	<u>\$ 1,672,340</u>

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE N - IN-KIND CONTRIBUTIONS

Contributed materials, including contributed equipment and medical supplies, and certain contributed services, including advertising, are reported in the accompanying financial statements at their fair market value as of the date the items were received. In-kind contributions for the years ended December 31, 2019 and 2018 totaled \$14,493 and \$13,892, respectively.

During the years ended December 31, 2019 and 2018, a substantial number of individual volunteers and businesses have donated significant amounts of time to the Organization's programs and administrative functions. These services do not meet the criteria for recognition as contributed services and are not reflected on the accompanying financial statements.

NOTE O - RETIREMENT PLAN

The Organization sponsors a defined contribution retirement plan covering employees who meet certain age and length of service requirements. Contributions to the retirement plan are based on compensation and employees' contributions. Retirement expense for the years ended December 31, 2019 and 2018 amounted to \$19,191 and \$23,751, respectively.

NOTE P - RELATED PARTY TRANSACTIONS

The Organization's related party transactions are with members of its Board of Directors and management as detailed below during the years ended December 31:

	<u>2019</u>	<u>2018</u>
Contributions	<u>\$ 138,485</u>	<u>\$ 125,745</u>

NOTE Q - SUPPLEMENTAL CASH FLOW

In 2019, capital lease payments of \$6,923 principal and \$1,441 interest were paid with points.

In 2018, capital lease payments of \$6,586 principal and \$1,778 interest were paid with points.

Interest paid in cash for the years ended December 31, 2019 and 2018 was \$25,043 and \$24,295, respectively.

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE R - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other designations limiting their use, within one year of the statement of financial position, comprise the following as of December 31:

Financial Assets	<u>2019</u>	<u>2018</u>
Cash	\$ 465,675	\$ 244,361
Pledges receivable	91,797	84,727
Investment income receivable	3,971	4,123
Other receivables	4,714	620
Investments	2,997,073	2,581,279
Distributions from beneficial interest in perpetual trusts	57,000	61,000
Distributions from interest in net assets of a community foundation	<u>1,586</u>	<u>1,550</u>
Total Financial Assets	<u>3,621,816</u>	<u>2,977,660</u>
Less amounts not available for general expenditures within one year		
Subject to donor restrictions	(286,368)	(277,491)
Board-designated investments for endowment	<u>(2,878,073)</u>	<u>(2,536,119)</u>
Total Amounts Not Available for General Expenditures within One Year	<u>(3,164,441)</u>	<u>(2,813,610)</u>
Financial Assets Available to be Used Within One Year	<u>\$ 457,375</u>	<u>\$ 164,050</u>

As part of the Organizations' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

The investment funds consist of funds designated by the board as endowments. The Organization's investment policy allows for an annual withdrawal of up to 4% of the investment's prior year end balance, as approved by the Board of Directors on an annual basis. Additional withdrawals may be approved at the discretion of the Board of Directors. Although the Organization does not intend to spend from the board-designated fund, these funds could be made available if necessary.

The Organization also has a line of credit available to meet short-term needs. See Note I for additional information.

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 5 - SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. The actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economy, financial markets, public support, and the geographical area in which the Organization operates. It is unknown how long these conditions will last and what the complete financial effect will be to the Organization.

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) which established the Paycheck Protection Program (the Program). The Program was created to assist small businesses in paying their employees and certain other expenses during the COVID-19 crisis. The Organization applied for a loan under the Program and received from its bank a loan of approximately \$296,000 in April 2020. The loan is forgivable if the Organization meets certain criteria as established under the Program. The Organization will apply for loan forgiveness in 2020.

Management has evaluated subsequent events through the date of the independent auditors' report.