

**YORK COUNTY SOCIETY
FOR THE PREVENTION
OF THE CRUELTY OF ANIMALS**

FINANCIAL REPORT

DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the 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, 2021 and 2020, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the York County SPCA as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the York County SPCA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the York County SPCA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 York County SPCA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the York County SPCA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.

A handwritten signature in cursive script that reads "Boyer & Fitter". The signature is written in black ink and is centered on the page.

Camp Hill, Pennsylvania
April 12, 2022

**YORK COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS**

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

ASSETS	2021	2020
<hr/>		
Current Assets		
Cash and cash equivalents	\$ 960,764	\$ 585,810
Pledges receivable	1,210,268	132,785
Investment income receivable	1,424	2,320
Accounts receivable	3,731	6,887
Inventory	4,567	6,670
Prepaid expenses	31,798	25,670
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Total current assets	2,212,552	760,142
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Other Assets		
Property and equipment, net	3,102,439	3,144,101
Investments	3,816,842	3,389,146
Interest in net assets of a community foundation	43,357	37,968
Beneficial interest in perpetual and remainder trusts	1,673,229	1,586,435
Total other assets	8,635,867	8,157,650
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Total assets	\$ 10,848,419	\$ 8,917,792
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See Notes to Financial Statements.

LIABILITIES AND NET ASSETS	2021	2020
Current Liabilities		
Line-of-credit	\$ -	\$ 185,000
Accounts payable	44,508	30,873
Accrued payroll	45,086	79,665
Payroll taxes withheld and accrued	11,550	9,799
Accrued expenses	1,176	907
Current portion of note payable	141,065	137,439
Current portion of capital lease obligation	8,023	7,596
Deferred revenue	190,081	203,894
Paycheck Protection Program loan	-	295,763
Total current liabilities	441,489	950,936
Long-Term Liabilities		
Capital lease obligation, net of current portion	2,432	11,223
Note payable, net of current portion	207,252	344,963
Total long-term liabilities	209,684	356,186
Total liabilities	651,173	1,307,122
Net Assets		
Without donor restrictions	8,033,309	5,649,385
With donor restrictions	2,163,937	1,961,285
Total net assets	10,197,246	7,610,670
Total liabilities and net assets	\$ 10,848,419	\$ 8,917,792

**YORK COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS**

**STATEMENT OF ACTIVITIES
Year Ended December 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 1,143,825	\$ 125,119	\$ 1,268,944
Bequests	1,912,514	-	1,912,514
Grant income	79,046	104,074	183,120
Program fees	316,728	-	316,728
Low cost spay/neuter income	624,602	-	624,602
Income from municipalities	343,401	-	343,401
Special events, net of expenses	200,562	-	200,562
Investment income, net	111,794	-	111,794
Trusts	61,440	-	61,440
In-kind contributions	17,684	-	17,684
Second chance	27,339	8,895	36,234
Miscellaneous income	2,245	-	2,245
Sale of pet supplies, net of expenses	3,326	-	3,326
Net assets released from restrictions	122,230	(122,230)	-
Total support and revenue	4,966,736	115,858	5,082,594
Expenses			
Program services	2,808,254	-	2,808,254
Support services			
Management and general	251,191	-	251,191
Fundraising	143,072	-	143,072
Total expenses	3,202,517	-	3,202,517
Net change from operations	1,764,219	115,858	1,880,077
Non-Operating Income and Gains			
Forgiveness of Paycheck Protection			
Program loan and accrued interest	298,392	-	298,392
Change in value of trusts	-	86,794	86,794
Change in interest in net assets of a community foundation	5,389	-	5,389
Unrealized gain on investments	315,924	-	315,924
Total non-operating income and gains - net	619,705	86,794	706,499
Changes in net assets	2,383,924	202,652	2,586,576
Net Assets - January 1, 2021	5,649,385	1,961,285	7,610,670
Net Assets - December 31, 2021	\$ 8,033,309	\$ 2,163,937	\$ 10,197,246

See Notes to Financial Statements.

**YORK COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS**

**STATEMENT OF ACTIVITIES
Year Ended December 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 1,073,298	\$ -	\$ 1,073,298
Bequests	148,189	12,220	160,409
Grant income	53,253	-	53,253
Program fees	353,643	-	353,643
Low cost spay/neuter income	396,358	-	396,358
Income from municipalities	353,272	-	353,272
Special events, net of expenses	92,448	-	92,448
Investment income, net	33,211	-	33,211
Trusts	60,912	-	60,912
In-kind contributions	8,404	-	8,404
Second chance	6,216	27,355	33,571
Miscellaneous income	19,076	-	19,076
Sale of pet supplies, net of expenses	1,725	-	1,725
Net assets released from restrictions	42,890	(42,890)	-
Total support and revenue	2,642,895	(3,315)	2,639,580
Expenses			
Program services	2,331,294	-	2,331,294
Support services			
Management and general	232,315	-	232,315
Fundraising	159,250	-	159,250
Total expenses	2,722,859	-	2,722,859
Net change from operations	(79,964)	(3,315)	(83,279)
Non-Operating Income and Gains			
Change in value of trusts	-	102,564	102,564
Change in interest in net assets of a community foundation	1,268	-	1,268
Unrealized gain on investments	358,913	-	358,913
Total non-operating income and gains - net	360,181	102,564	462,745
Changes in net assets	280,217	99,249	379,466
Net Assets - January 1, 2020	5,369,168	1,862,036	7,231,204
Net Assets - December 31, 2020	\$ 5,649,385	\$ 1,961,285	\$ 7,610,670

See Notes to Financial Statements.

**YORK COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS**

**STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Functional Expenses				
Salaries	\$ 1,535,264	\$ 141,173	\$ 88,234	\$ 1,764,671
Animal maintenance	452,603	-	-	452,603
Depreciation	153,232	9,908	-	163,140
Insurance - group	136,819	12,581	7,863	157,263
Payroll taxes	128,728	11,837	7,398	147,963
Information technology support	72,713	4,794	2,397	79,904
Utilities	66,632	7,404	-	74,036
Insurance - general	63,106	7,012	-	70,118
Miscellaneous	37,983	19,585	1,781	59,349
Repairs and maintenance	41,580	4,620	-	46,200
Professional fees	7,536	21,448	-	28,984
Newsletter	-	-	22,738	22,738
Interest	14,672	3,900	-	18,572
Retirement	25,621	2,356	1,472	29,449
Office expenses	19,316	1,776	1,110	22,202
Dues, subscriptions and publications	640	989	10,079	11,708
Telephone	6,737	748	-	7,485
Uniforms	3,213	-	-	3,213
Second chance expenses	27,339	-	-	27,339
Auto expenses	9,719	-	-	9,719
Employee development	4,627	817	-	5,444
Licenses and permits	174	243	-	417
Total functional expenses	\$ 2,808,254	\$ 251,191	\$ 143,072	\$ 3,202,517

See Notes to Financial Statements.

**YORK COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS**

**STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Functional Expenses				
Salaries	\$ 1,239,272	\$ 115,281	\$ 86,461	\$ 1,441,014
Animal maintenance	363,586	-	-	363,586
Depreciation	150,770	9,749	-	160,519
Insurance - group	113,970	10,602	7,951	132,523
Payroll taxes	104,497	9,721	7,290	121,508
Information technology support	68,075	7,564	-	75,639
Utilities	60,687	6,743	-	67,430
Insurance - general	47,384	5,265	-	52,649
Miscellaneous	25,294	11,497	1,533	38,324
Repairs and maintenance	41,138	4,571	-	45,709
Professional fees	24,020	32,381	640	57,041
Newsletter	-	-	38,970	38,970
Interest	20,508	11,535	-	32,043
Retirement	19,189	1,785	1,339	22,313
Office expenses	22,225	2,067	1,551	25,843
Dues, subscriptions and publications	934	1,246	13,390	15,570
Telephone	12,771	1,419	-	14,190
Uniforms	3,115	-	-	3,115
Second chance expenses	6,216	-	-	6,216
Auto expenses	3,875	-	-	3,875
Education	2,909	513	-	3,422
Licenses and permits	360	376	125	861
Spay/neuter	499	-	-	499
Total functional expenses	\$ 2,331,294	\$ 232,315	\$ 159,250	\$ 2,722,859

See Notes to Financial Statements.

**YORK COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS**

**STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020**

	2021	2020
Cash Flows From Operating Activities		
Changes in net assets	\$ 2,586,576	\$ 379,466
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	163,140	160,519
Amortization of loan origination fees	3,193	3,193
Realized (gain) loss on sale of investments	(72,526)	10,016
Restricted contributions - property and equipment	(125,000)	-
Forgiveness of Paycheck Protection Program loan	(295,763)	-
In-kind contributions - capital lease payments	(8,364)	(6,223)
Change in value of interest in net assets of a community foundation	(5,389)	(1,268)
Change in value of perpetual and remainder trusts	(86,794)	(102,564)
Unrealized gains on investments	(315,924)	(358,913)
Changes in assets:		
Investment income receivable	896	1,651
Accounts receivable	3,156	(2,173)
Inventory	2,103	3,532
Prepaid expenses	(6,128)	(10,089)
Pledges receivables	(1,077,483)	(40,988)
Changes in liabilities:		
Accounts payable	13,635	(14,667)
Accrued payroll	(34,579)	19,094
Payroll taxes withheld and accrued	1,751	(5,601)
Deferred revenue	(13,813)	186,846
Accrued expenses	269	(1,842)
Net cash provided by operating activities	732,956	219,989
Cash Flows From Investing Activities		
Purchase of property and equipment	(121,478)	(14,299)
Purchase of investments	(1,773,557)	(1,503,695)
Proceeds from sale of investments	1,734,311	1,460,519
Net cash used in investing activities	(160,724)	(57,475)

(Continued)

**YORK COUNTY SOCIETY FOR THE PREVENTION
OF CRUELTY TO ANIMALS**

**STATEMENTS OF CASH FLOWS (Continued)
Years Ended December 31, 2021 and 2020**

	2021	2020
Cash Flows Financing Activities		
Restricted contributions - property and equipment	125,000	-
Change in line-of-credit	(185,000)	(204,493)
Payments on note payable	(137,278)	(133,649)
Proceeds from Paycheck Protection Program loan	-	295,763
Net cash used in financing activities	(197,278)	(42,379)
Net increase in cash and cash equivalents	374,954	120,135
Cash and Cash Equivalents:		
Beginning	585,810	465,675
Ending	\$ 960,764	\$ 585,810
Supplementary Cash Flows Information:		
Interest paid	\$ 12,750	\$ 26,709
Noncash Financing Activities:		
Forgiveness of Paycheck Protection Program loan	\$ 295,763	\$ -
Forgiveness of accrued interest	\$ 2,629	\$ -
Payment of capital lease with points	\$ 8,364	\$ 6,223
Payment of interest with points	\$ -	\$ 2,141

See Notes to Financial Statements.

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

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

SPCA: The York County Society for the Prevention of Cruelty to Animals, a Pennsylvania nonprofit SPCA, (the SPCA) 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 SPCA also provides low cost spay and neuter services. The SPCA derives substantially all of its revenue from contributions, bequests, program fees and investment income.

Basis of Accounting: The financial statements of the York County SPCA have been prepared on the accrual basis of accounting.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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:

Basis of Presentation: SPCA's financial statements are prepared in accordance with U.S. GAAP which requires reporting information regarding financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the SPCA's primary objectives. These net assets may be used at the discretion of the SPCA's management and Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some restrictions are temporary and will be met by either the SPCA's actions or the passage of time. Other donor restrictions are perpetual in nature; hence, funds are maintained in perpetuity.

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 SPCA uses for general operating purposes. There were no cash equivalents as of December 31, 2021 and 2020.

Accounts Receivable: Accounts receivable are stated at outstanding balances. The SPCA 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.

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Pledges Receivable: Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises are recorded at fair value, which is measured as the present value of their future cash flows. Accretion of the discounts is included in the 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.

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 SPCA's gift shop at December 31, 2021.

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 SPCA'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 SPCA reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The SPCA reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Investments and Income Recognition and Fair Value: 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 SPCA's beneficiary interest percentage in the trusts. The change in the value of the beneficial interest 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

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Investments and Income Recognition and Fair Value (Continued): The SPCA follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) *Fair Value Measurement Topic*, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. This Standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Standard also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

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, 2021 and 2020. Accumulated amortization amounts to \$26,875 and \$23,682 as of December 31, 2021 and 2020, respectively. Total amortization expense recognized in interest expense amounted to \$3,193 for each of the years ended December 31, 2021 and 2020.

Revenue Recognition:

Contributions: The SPCA 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 SPCA 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 SPCA 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 SPCA. 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

Note 1. Nature of Activities and 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 therefore, are 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.

Income Tax Status: The SPCA is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state regulations. In addition, the SPCA qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an SPCA other than a private foundation under Section 509(a)(2).

The SPCA follows the provisions of the FASB *Income Tax* Topic of the ASC which requires an assessment of the SPCA's exposure to income taxes at the entity level as a result of uncertain tax positions taken in current and previously-filed tax returns. Examples of tax positions taken at the entity level include continuing qualification as a tax-exempt SPCA and whether there is any taxable unrelated business income from activities conducted. Any tax benefits associated with uncertain tax positions that are in excess of a realization threshold must be recorded as a liability for unrecognized tax benefits in the financial statements, along with any associated interest and penalties. Presently, management believes that it is more likely than not that its tax positions will be sustained upon examination, including any appeals and litigation, and therefore, believes the SPCA has no exposure to income taxes from uncertain tax positions.

Functional Allocation of Expenses: The costs of providing the various programs and other activities are summarized on a functional basis in the Statements of Activities and 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.

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements: In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). The most significant change in the new lease guidance requires lessees to recognize right-of-use assets and lease liabilities for all leases other than those that meet the definition of short-term leases. For short-term leases, lessees may elect an accounting policy by class of underlying asset under which these assets and liabilities are not recorded, and lease payments are generally recognized over the lease term on a straight-line basis. This change will result in lessees recognizing right-of-use assets and lease liabilities for most leases currently accounted for as operating leases under legacy accounting principles generally accepted in the United States of America. For all entities other than public business enterprises, this Standard is effective for annual periods beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2022. Early adoption is permitted. Management is currently evaluating the effects that this Standard will have on the SPCA's financial statements.

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. Management is currently evaluating the effects that this Standard will have on the SPCA's financial statements.

Subsequent Events: In preparing these financial statements, the SPCA has evaluated events and transactions for potential recognition or disclosure through April 12, 2022, the date the financial statements were available to be issued.

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

Note 2. Liquidity and Availability

The following table reflects the SPCA's financial assets as of December 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the Statements of Financial Position date because of contractual restrictions or internal board designations. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

	2021	2020
Financial assets at year-end:		
Cash	\$ 960,764	\$ 585,810
Pledges receivable	1,210,268	132,785
Investment income receiveable	1,424	2,320
Other receivables	3,731	6,887
Investments	3,816,842	3,389,146
Distributions from beneficial interest in perpetual trusts	60,000	68,000
Distributions from interest in net assets of a community foundation	1,633	1,640
Total Financial Assets	<u>6,054,662</u>	<u>4,186,588</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	397,757	270,833
Net assets with Board designations	3,696,842	3,269,146
	<u>4,094,599</u>	<u>3,539,979</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,960,063</u>	<u>\$ 646,609</u>

As part of the SPCAs' 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 SPCA's investment policy allows for an annual withdrawal of up to 4% of average market value for preceding twelve quarters, 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 SPCA does not intend to spend from the Board designated fund, these funds could be made available if necessary.

The SPCA also has a line-of-credit available to meet short-term needs. See Note 8 for additional information.

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

Note 3. Pledges Receivable

Unconditional pledges receivable as of December 31, 2021 and 2020, are \$1,210,268 and \$132,785, respectively. All pledges are considered current and fully collectible in one year.

Note 4. Property and Equipment

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

	2021	2020
Building and improvements	\$ 3,864,887	\$ 3,846,081
Land	370,749	370,749
Office and miscellaneous equipment	424,291	383,678
Kennel	109,289	109,289
Vehicles and equipment	79,077	79,077
Recovery rooms	39,803	39,803
Medic rooms	275,179	215,009
Euthanasia room	2,500	2,500
	<hr/>	<hr/>
	5,165,775	5,046,186
Less accumulated depreciation	(2,063,336)	(1,902,085)
Total property and equipment, net	<hr/> <hr/>	<hr/> <hr/>
	\$ 3,102,439	\$ 3,144,101

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

Note 5. Investments

The SPCA's investments consist of the following as of December 31:

Endowment Investments: The SPCA has endowment funds set up for a variety of purposes. The endowment investment account balance is insured against the loss of securities upon broke liquidation in amounts up to \$500,000 by the Securities Investor Protection Corporation (SIPC) at December 31, 2021 and 2020.

Beneficial Interest in Perpetual and Remainder Trusts: The SPCA is named as a beneficiary under several perpetual and remainder trusts. The beneficiary interest allocation ranges from 5% to 100% for the years ended December 31, 2021 and 2020.

Interest in Net Assets of a Community Foundation: In accordance with ASC 958, the endowment fund created by the SPCA 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 SPCA contributed \$25,000 to establish the fund. Through December 31, 2021, the SPCA 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, 2021 and 2020, the fair value of the SPCA's interest in net assets of a community foundation amounted to \$43,357 and \$37,968, 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 SPCA and are not reflected in the Statements of Financial Position.

The SPCA 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 SPCA.

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

Note 5. Investments (Continued)

The following table summarizes the investments as of December 31:

	2021		2020	
	Cost	Market	Cost	Market
Endowments				
Common stocks	\$ 650,747	\$ 1,011,314	\$ 655,218	\$ 856,119
Equity mutual funds	985,856	1,360,825	913,750	1,235,156
Fixed income - U.S. Treasuries	183,046	183,124	123,007	122,726
Fixed income - corporate securities	269,243	279,793	250,718	279,401
Fixed income - mutual funds	707,272	703,033	642,463	653,302
Other investments	121,199	133,175	122,657	130,420
Money market	145,578	145,578	112,022	112,022
Total endowments	3,062,941	3,816,842	2,819,835	3,389,146
Beneficial interests in perpetual and remainder trusts	1,274,702	1,673,229	1,243,800	1,586,435
Interest in net assets of a community foundation	25,100	43,357	25,100	37,968
	<u>\$ 4,362,743</u>	<u>\$ 5,533,428</u>	<u>\$ 4,088,735</u>	<u>\$ 5,013,549</u>

The following table summarizes the investment return for the years ended December 31:

	2021	2020
Interest and dividends - Net of investment fees	\$ 39,268	\$ 43,227
Realized gains (losses) on investments	72,526	(10,016)
	<u>\$ 111,794</u>	<u>\$ 33,211</u>

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

Note 6. Fair Value Measurements

The SPCA measures on a recurring basis its investments at fair value in accordance with Financial Accounting Standards Board (FASB) codification *Fair Value Measurement*, which provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that are accessible to the SPCA. These generally provide the most reliable evidence and are used to measure fair value whenever available.
- Level 2 Inputs to the valuation methodology include significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted prices for similar assets in active markets, quoted market prices in markets that are not active for identical or similar assets, and other observable inputs.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The inputs or methodology used for valuing investments are not an indication of the risk associated with investing in those securities.

Following are descriptions of valuation methodologies used for assets at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020:

- Level 1: The fair value of common stocks, equity funds and fixed income securities and funds is based on closing market prices for the respective security as reported in active markets.
- Level 3: Fair values of beneficial interests in perpetual trusts are based on the percentage ownership of the respective trust assets, based on either the value of the trust assets as reported to the SPCA by the Trustees or via the valuation formulas or methodology stipulated by the underlying trust agreement which may require present value computations. The SPCA'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.

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

Note 6. Fair Value Measurements (Continued)

The following tables sets forth by level within the fair value hierarchy the assets at fair value as of December 31, 2021 and 2020:

Assets at Fair Value as of December 31, 2021				
	Level 1	Level 2	Level 3	Total
Endowments				
Common stocks	\$ 1,011,314	\$ -	\$ -	\$ 1,011,314
Equity mutual funds	1,360,825	-	-	1,360,825
Fixed income - U.S. Treasuries	183,124	-	-	183,124
Fixed income - corporate securities	279,793	-	-	279,793
Fixed income - mutual funds	703,033	-	-	703,033
Other investments	133,175	-	-	133,175
Money market	145,578	-	-	145,578
Total endowments	3,816,842	-	-	3,816,842
Beneficial interests in				
perpetual and remainder trusts	-	-	1,673,229	1,673,229
Interest in net assets of				
a community foundation	-	-	43,357	43,357
	<u>\$ 3,816,842</u>	<u>\$ -</u>	<u>\$ 1,716,586</u>	<u>\$ 5,533,428</u>

Assets at Fair Value as of December 31, 2020				
	Level 1	Level 2	Level 3	Total
Endowments				
Common stocks	\$ 856,119	\$ -	\$ -	\$ 856,119
Equity mutual funds	1,235,156	-	-	1,235,156
Fixed income - U.S. Treasuries	122,726	-	-	122,726
Fixed income - corporate securities	279,401	-	-	279,401
Fixed income - mutual funds	653,302	-	-	653,302
Other investments	130,420	-	-	130,420
Money market	112,022	-	-	112,022
Total endowments	3,389,146	-	-	3,389,146
Beneficial interests in				
perpetual and remainder trusts	-	-	1,586,435	1,586,435
Interest in net assets of				
a community foundation	-	-	37,968	37,968
	<u>\$ 3,389,146</u>	<u>\$ -</u>	<u>\$ 1,624,403</u>	<u>\$ 5,013,549</u>

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

Note 7. Endowment

The SPCA'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 SPCA 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 SPCA to fund the appropriate programs while assuming a moderate level of investment risk. The investment related to the SPCA'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 SPCA.

The SPCA 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 SPCA 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.

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 SPCA 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 SPCA in a manner consistent with the standard of prudence prescribed by the relevant state law.

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

Note 7. Endowment (Continued)

Unless specifically defined by a donor-restricted endowment fund required by donor stipulation, the SPCA considered the following factors in making a determination to accumulate or appropriate endowment funds:

1. The duration and preservation of the fund
2. The purpose of the SPCA 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 SPCA
7. The investment policies of the SPCA

Endowment Spending Policy and How the Investment Objectives Relate to the Spending Policy: The SPCA 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 average market value for preceding twelve quarters. The Board of Directors; however, can approve a change to the spending rate in certain circumstances. The SPCA'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 and those trusts and the foundation.

The following schedules represent the endowment net asset composition by type of endowment fund as of December 31:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 3,860,199	\$ -	\$ 3,860,199
Donor-restricted endowment funds	-	1,673,229	1,673,229
	<u>\$ 3,860,199</u>	<u>\$ 1,673,229</u>	<u>\$ 5,533,428</u>

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 3,427,114	\$ -	\$ 3,427,114
Donor-restricted endowment funds	-	1,586,435	1,586,435
	<u>\$ 3,427,114</u>	<u>\$ 1,586,435</u>	<u>\$ 5,013,549</u>

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

Note 7. Endowment (Continued)

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

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 3,427,114	\$ 1,586,435	\$ 5,013,549
Investment return:			
Interest and dividends, net of fees	39,246	-	39,246
Net gains (realized and unrealized)	393,839	86,794	480,633
Endowment net assets, end of year	<u>\$ 3,860,199</u>	<u>\$ 1,673,229</u>	<u>\$ 5,533,428</u>
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 3,033,773	\$ 1,483,871	\$ 4,517,644
Investment return:			
Interest and dividends, net of fees	43,176	-	43,176
Net gains (realized and unrealized)	350,165	102,564	452,729
Endowment net assets, end of year	<u>\$ 3,427,114</u>	<u>\$ 1,586,435</u>	<u>\$ 5,013,549</u>

Note 8. Line-of-Credit

The SPCA has available for operations a line-of-credit of \$500,000 with borrowings outstanding at \$-0- and \$185,000 on December 31, 2021 and 2020, respectively. The line-of-credit bears interest at the New York Prime rate, which was 3.25% as of December 31, 2021 and 2020, respectively. The line-of-credit is secured with a first lien mortgage on the property at 3159 Susquehanna Trail North, York, PA 17406.

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

Note 9. Capital Lease

On March 20, 2017, the SPCA entered into a capital lease for equipment requiring monthly payments of \$697 for 72 months and contained a purchase option at the end of the lease for \$1. Related accumulated amortization totaled \$34,263 and \$27,049 as of December 31, 2021 and 2020, respectively.

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

Following are the future minimum payments on the above lease:

Year	Amount
2022	\$ 8,364
2023	2,453
	<hr/>
	10,817
Less amounts representing interest	<hr/>
	(362)
Present value of net minimum lease payments	10,455
Less current maturities of capital lease obligations	<hr/>
	(8,023)
Long-Term Capital Lease Obligation	<hr/> <hr/>
	\$ 2,432

Note 10. Operating Lease

In October 2016, the SPCA entered into a lease for the use of a copier. The lease was 48 months and required monthly payments of \$174. The SPCA renewed the lease in October 2020. The new lease is also 48 months and requires monthly payments of \$168. The related expenses for the years ended December 31, 2021 and 2020, were \$2,016 and \$2,034, respectively.

Year	Amount
2022	\$ 2,016
2023	2,016
2024	1,428
	<hr/>
	\$ 5,460

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

Note 11. Note Payable

On August 30, 2012, the SPCA 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 side 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 SPCA began making monthly principal payments in September 2013. Interest rate was 2.61% as of December 31, 2021 and 2020.

The formalized service agreement, between the County of York and the SPCA 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 SPCA continuing to operate the spay and neuter facilities for the benefit of the residents of York County.

The Service Agreement requires that the SPCA 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 ended December 31, 2021 and 2020.

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, 2021, are as follows:

	Loan		
	Principal	Origination Fee	Net Principal
Current portion of note payable	\$ 144,258	\$ (3,193)	\$ 141,065
Long-term portion of note payable	215,505	(8,253)	207,252
	<u>\$ 359,763</u>	<u>\$ (11,446)</u>	<u>\$ 348,317</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, 2020, are as follows:

	Loan		
	Principal	Origination Fee	Net Principal
Current portion of note payable	\$ 140,632	\$ (3,193)	\$ 137,439
Long-term portion of note payable	356,409	(11,446)	344,963
	<u>\$ 497,041</u>	<u>\$ (14,639)</u>	<u>\$ 482,402</u>

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

Note 11. Note Payable (Continued)

Following are the future minimum payments on the note payable:

Year	Amount
2022	\$ 144,258
2023	141,598
2024	73,907
	<u>\$ 359,763</u>

Note 12. Paycheck Protection Program Loan and Advances

On April 23, 2020, the SPCA received loan proceeds in the amount of \$295,763 under the Paycheck Protection Program (“PPP”). Established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), the PPP provided for loans to qualifying businesses in amounts up to 2.5 times the business’s average monthly payroll expenses. PPP loans and accrued interest are forgivable after a “covered period” (eight or 24 weeks) as long as the borrower maintained its payroll levels and used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities. The forgiveness amount would have been reduced if the borrower terminated employees or reduced salaries during the covered period. Any unforgiven portion of a PPP loan would have been payable over two or five years at an interest rate of 1%, with a deferral of payments for ten months after the end of the covered period. The SPCA intended to use PPP loan proceeds for purposes consistent with the PPP and apply for forgiveness within 10 months of the end of the covered period.

If the application for forgiveness was not made within 10 months of the end of the covered period, payments of principal and interest would be required through the maturity date of April 23, 2022. The terms of the loan provide for customary events of default, including payment defaults, breach of representation of warranties and insolvency events. The PPP loan could have been accelerated upon the occurrence of a default event.

The SPCA initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released. The SPCA recognized \$298,392 of loan forgiveness income for the year ended December 31, 2021, which included accrued interest forgiven of \$2,629.

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

Note 13. Net Assets

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

	2021	2020
Undesignated	\$ 4,173,110	\$ 2,222,271
Board designated for Endowment	3,860,199	3,427,114
	\$ 8,033,309	\$ 5,649,385

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

	2021	2020
Subject to expenditures for specific purpose:		
Second chance program	\$ 107,260	\$ 209,529
Equine care program	58,787	33,673
Wildside program	27,636	27,631
Lobby renovation	125,000	-
Community cat program	20,000	-
Dogs rule initiative	59,074	-
Subject to the passage of time:		
Beneficial interest in charitable remainder trusts	185,058	167,209
Pledges receivable - operations	92,951	104,017
Perpetual in nature		
Beneficial interest in perpetual trusts	1,488,171	1,419,226
	\$ 2,163,937	\$ 1,961,285

2021 and 2020 net assets were released from donor restrictions by incurring expenses satisfying restricted purposes or by realization of events specified by donors as follows:

	2021	2020
Satisfaction of purpose restrictions:		
Pledges receivable - operations	\$ 11,066	\$ -
Second chance program	111,164	-
Equine care program	-	2,973
Spay it forward program	-	39,917
	\$ 122,230	\$ 42,890

YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO FINANCIAL STATEMENTS

Note 14. In-Kind Contributions

Contributed materials, including contributed equipment, food, pet supplies, blankets, towels 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, 2021 and 2020, totaled \$17,684 and \$8,404, respectively.

During the years ended December 31, 2021 and 2020, a substantial number of individual volunteers and businesses have donated significant amounts of time to the SPCA'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 15. Retirement Plan

The SPCA 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, 2021 and 2020, amounted to \$29,449 and \$22,313, respectively.

Note 16. Related Parties

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

	2021	2020
Contributions	\$ 272,312	\$ 277,205

Note 17. Uncertainties

Recent developments arising from the coronavirus pandemic and efforts to mitigate the disease's domestic and global impacts have disrupted operations of companies in many industries. Facility closings, labor and personnel layoffs, curtailments of supply lines and increased materials costs, contracted production, dislocations of product delivery methods and reduced markets enhance the SPCA's risk factors as they have a significant reliance on revenue from third parties to fund their operations. These factors adversely impact revenue recognition, cash flows and liquidity, contingencies, and in some instances, the going-concern assumption. Presently, the ultimate, effects of this crisis on financial position, results of operations and cash flows are indeterminable because the duration of the crisis is also indeterminable; however, management continues to monitor developments.