

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

**FINANCIAL REPORT**

**DECEMBER 31, 2020**

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **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 statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's 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 auditor considers 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.

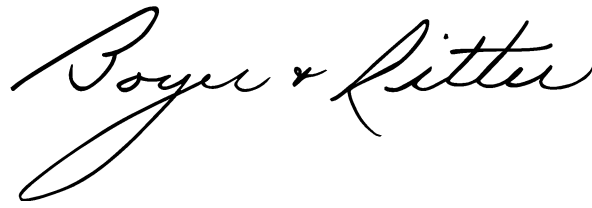
We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of York County SPCA as of December 31, 2020, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

The financial statements of York County SPCA as of and for the year ended December 31, 2019, were audited by other auditors, whose report dated November 10, 2020, expressed an unmodified opinion on those statements.

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

Camp Hill, Pennsylvania  
June 15, 2021

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

**STATEMENTS OF FINANCIAL POSITION**

**December 31, 2020 and 2019**

<b>ASSETS</b>	<b>2020</b>	<b>2019</b>
<b>Current Assets</b>		
Cash	\$ 585,810	\$ 465,675
Pledges receivable	132,785	91,797
Investment income receivable	2,320	3,971
Accounts receivable	6,887	4,714
Inventory	6,670	10,202
Prepaid expenses	25,670	15,581
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<b>Total current assets</b>	<b>760,142</b>	<b>591,940</b>
<b>Other Assets</b>		
Property and equipment, net	3,144,101	3,290,321
Investments	3,389,146	2,997,073
Interest in net assets of a community foundation	37,968	36,700
Beneficial interest in perpetual and remainder trusts	1,586,435	1,483,871
<b>Total other assets</b>	<b>8,157,650</b>	<b>7,807,965</b>
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<b>Total assets</b>	<b>\$ 8,917,792</b>	<b>\$ 8,399,905</b>
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See Notes to Financial Statements.

<b>LIABILITIES AND NET ASSETS</b>	<b>2020</b>	<b>2019</b>
<b>Current Liabilities</b>		
Line-of-credit	\$ 185,000	\$ 389,493
Accounts payable	30,873	45,540
Accrued payroll	79,665	60,571
Payroll taxes withheld and accrued	9,799	15,400
Accrued expenses	907	2,749
Current portion of note payable	137,439	124,755
Current portion of capital lease obligation	7,596	7,277
Deferred revenue	203,894	17,048
Paycheck Protection Program loan	295,763	-
<b>Total current liabilities</b>	<b>950,936</b>	<b>662,833</b>
<b>Long-Term Liabilities</b>		
Capital lease obligation, net of current portion	11,223	17,765
Note payable, net of current portion	344,963	488,103
<b>Total long-term liabilities</b>	<b>356,186</b>	<b>505,868</b>
<b>Total liabilities</b>	<b>1,307,122</b>	<b>1,168,701</b>
<b>Net Assets</b>		
Without donor restrictions	5,649,385	5,369,168
With donor restrictions	1,961,285	1,862,036
<b>Total net assets</b>	<b>7,610,670</b>	<b>7,231,204</b>
<b>Total liabilities and net assets</b>	<b>\$ 8,917,792</b>	<b>\$ 8,399,905</b>

**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
<b>Support and Revenue</b>			
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
Memorials and 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)	-
<b>Total support and revenue</b>	<b>2,642,895</b>	<b>(3,315)</b>	<b>2,639,580</b>
<b>Expenses and Losses</b>			
Program services	2,338,077	-	2,338,077
Support services			
Management and general	225,206	-	225,206
Fundraising	159,576	-	159,576
<b>Total expenses</b>	<b>2,722,859</b>	<b>-</b>	<b>2,722,859</b>
<b>Net change from operations</b>	<b>(79,964)</b>	<b>(3,315)</b>	<b>(83,279)</b>
<b>Non-Operating Income, Expenses and Gains</b>			
Change in value of trusts	-	102,564	102,564
Change in interest in net assets of community foundation	1,268	-	1,268
Unrealized gain on investments	358,913	-	358,913
<b>Total non-operating income, expenses and gains - net</b>	<b>360,181</b>	<b>102,564</b>	<b>462,745</b>
<b>Changes in net assets</b>	<b>280,217</b>	<b>99,249</b>	<b>379,466</b>
Net Assets - January 1, 2020	5,369,168	1,862,036	7,231,204
Net Assets - December 31, 2020	<b>\$ 5,649,385</b>	<b>\$ 1,961,285</b>	<b>\$ 7,610,670</b>

See Notes to Financial Statements.

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

**STATEMENT OF ACTIVITIES  
Year Ended December 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>			
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	43,929	-	43,929
Investment income, net	123,143	-	123,143
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	3,988	-	3,988
Loss on sale of property and equipment	(2,813)	-	(2,813)
Net assets released from restrictions	35,024	(35,024)	-
<b>Total support and revenue</b>	<b>2,668,180</b>	<b>15,947</b>	<b>2,684,127</b>
<b>Expenses and Losses</b>			
Program services	2,159,450	-	2,159,450
Support services			
Management and general	511,018	-	511,018
Fundraising	66,631	-	66,631
<b>Total expenses</b>	<b>2,737,099</b>	<b>-</b>	<b>2,737,099</b>
<b>Net change from operations</b>	<b>(68,919)</b>	<b>15,947</b>	<b>(52,972)</b>
<b>Non-Operating Income, Expenses and Gains</b>			
Change in value of trusts	-	173,749	173,749
Change in interest in net assets of community foundation	4,660	-	4,660
Unrealized gain on investments	369,937	-	369,937
<b>Total non-operating income, expenses and losses - net</b>	<b>374,597</b>	<b>173,749</b>	<b>548,346</b>
<b>Changes in net assets</b>	<b>305,678</b>	<b>189,696</b>	<b>495,374</b>
Net Assets - January 1, 2019	5,063,490	1,672,340	6,735,830
Net Assets - December 31, 2019	<b>\$ 5,369,168</b>	<b>\$ 1,862,036</b>	<b>\$ 7,231,204</b>

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	\$ 1,252,043	\$ 116,469	\$ 87,352	\$ 1,455,864
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	11,496	1,534	38,324
Repairs and maintenance	47,114	5,235	-	52,349
Professional fees	17,766	23,952	473	42,191
Newsletter	-	-	38,970	38,970
Interest	20,508	11,535	-	32,043
Retirement	19,189	1,785	1,339	22,313
Office expenses	16,515	1,536	1,152	19,203
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
<b>Total functional expenses</b>	<b>\$ 2,338,077</b>	<b>\$ 225,206</b>	<b>\$ 159,576</b>	<b>\$ 2,722,859</b>

See Notes to Financial Statements.

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

**STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2019**

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

See Notes to Financial Statements.

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

**STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2020 and 2019**

	<b>2020</b>	2019
<b>Cash Flows From Operating Activities</b>		
Changes in net assets	\$ 379,466	\$ 495,374
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	160,519	144,915
Amortization of loan origination fees	3,193	3,193
Loss on sale of property and equipment	-	2,813
Realized loss (gain) on sale of investments	10,016	(68,243)
In-kind contributions - capital lease payments	(6,223)	(6,923)
Change in value of interest in net assets of community foundation	(1,268)	(4,660)
Change in value of perpetual and remainder trusts	(102,564)	(173,749)
Unrealized gains on investments	(358,913)	(369,937)
Changes in assets:		
Investment income receivable	1,651	152
Accounts receivable	(2,173)	(4,094)
Inventory	3,532	4,491
Prepaid expenses	(10,089)	2,428
Pledges receivables	(40,988)	(7,070)
Changes in liabilities:		
Accounts payable	(14,667)	2,854
Accrued payroll	19,094	25,276
Payroll taxes withheld and accrued	(5,601)	5,093
Deferred revenue	186,846	(14,104)
Accrued expenses	(1,842)	1,974
<b>Net cash provided by operating activities</b>	<b>219,989</b>	<b>39,783</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	(14,299)	(100,354)
Purchase of investments	(1,503,695)	(1,193,858)
Proceeds from sale of investments	1,460,519	1,216,244
Proceeds from sale of property and equipment	-	300
<b>Net cash used in investing activities</b>	<b>(57,475)</b>	<b>(77,668)</b>
<b>Cash Flows Financing Activities</b>		
Change in line-of-credit	(204,493)	389,493
Payments on note payable	(133,649)	(130,294)
Proceeds from Paycheck Protection Program loan	295,763	-
<b>Net cash (used in) provided by financing activities</b>	<b>(42,379)</b>	<b>259,199</b>
<b>Net increase in cash and cash equivalents</b>	<b>120,135</b>	<b>221,314</b>
<b>Cash and Cash Equivalents:</b>		
Beginning	465,675	244,361
Ending	<b>\$ 585,810</b>	<b>\$ 465,675</b>

See Notes to Financial Statements.

# YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

## NOTES TO FINANCIAL STATEMENTS

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

Organization: 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 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 American 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 account 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 require 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 Organization uses for general operating purposes. There were no cash equivalents as of December 31, 2020 and 2019.

Accounts Receivables: Accounts receivables 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.

# YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

## NOTES TO FINANCIAL STATEMENTS

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### 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 Organization's gift shop at December 31, 2020.

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 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 Organization'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 increase 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

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

Investments and Income Recognition and Fair Value (Continued): The Organization 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, 2020 and 2019. Accumulated amortization amounts to \$23,682 and \$20,489 as of December 31, 2020 and 2019, respectively. Total amortization expense recognized in interest expense amounted to \$3,193 for each of the years ended December 31, 2020 and 2019.

#### 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, for 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

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### 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 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 by 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 Organization 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 Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization follows the provisions of the Financial Accounting Standards Board's (FASB) *Income Tax* Topic of the ASC which requires an assessment of the Organization'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 organization 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 Organization 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 Statements 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.

Adoption of New FASB Accounting Standard: In August 2018, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-13, Fair Value Measurements (Topic 820). The amendments in this ASU removes, modifies, and adds certain disclosure requirements of Accounting Standards Codification Topic 820. The Organization implemented this standard during the year ended December 31, 2020. The Organization has determined that the adoption of ASU 2018-13 did not have a material effect on the 2020 financial statements.

# YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

## NOTES TO FINANCIAL STATEMENTS

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

Accounting Pronouncements: In February 2016, FASB issued 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 Organization'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 Organization's financial statements.

Subsequent Events: In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 15, 2021, the date the financial statements were available to be issued.



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

### NOTES TO FINANCIAL STATEMENTS

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#### Note 2. Liquidity and Availability

The following table reflects the Organization's financial assets as of December 31, 2020 and 2019, 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.

	2020	2019
Financial assets at year-end:		
Cash	\$ 585,810	\$ 465,675
Pledges receivable	132,785	91,797
Investment income receivable	2,320	3,971
Other receivables	6,887	4,714
Investments	3,389,146	2,997,073
Distributions from beneficial interest in perpetual trusts	68,000	57,000
Distributions from interest in net assets of a community foundation	1,640	1,586
Total Financial Assets	<u>4,186,588</u>	<u>3,621,816</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	270,833	286,368
Net assets with board designations held in perpetuity	<u>3,269,146</u>	<u>2,878,073</u>
	<u>3,539,979</u>	<u>3,164,441</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 646,609</u>	<u>\$ 457,375</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 8 for additional information.

# YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

## NOTES TO FINANCIAL STATEMENTS

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### Note 3. Pledges Receivable

Unconditional pledges receivable as of December 31, 2020 and 2019, are \$132,785 and \$91,797 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:

	2020	2019
Building and improvements	\$ 3,846,081	\$ 3,846,081
Land	370,749	370,749
Office and miscellaneous equipment	383,678	428,669
Kennel	109,289	109,289
Vehicles and equipment	79,077	79,077
Recovery rooms	39,803	58,479
Medic rooms	215,009	229,473
Euthanasia room	2,500	2,500
	<u>5,046,186</u>	<u>5,124,317</u>
Less accumulated depreciation	(1,902,085)	(1,833,996)
Total property and equipment, net	<u>\$ 3,144,101</u>	<u>\$ 3,290,321</u>

# YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

## NOTES TO FINANCIAL STATEMENTS

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### Note 5. Investments

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

Endowment Investments: The Organization 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, 2020 and 2019.

Beneficial Interest in Perpetual and Remainder Trusts: The Organization 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, 2020 and 2019.

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, 2020, 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, 2020 and 2019, the fair value of the Organizations interest in net assets of a community foundation amounted to \$37,968 and \$36,700, 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 purposed 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.

**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:

	2020		2019	
	Cost	Market	Cost	Market
Endowments				
Common stocks	\$ 655,218	\$ 856,119	\$ 549,551	\$ 665,674
Equity mutual funds	913,750	1,235,156	1,037,634	1,208,851
Fixed income - U.S. treasuries	123,007	122,726	204,162	204,961
Fixed income - corporate securities	250,718	279,401	185,844	194,656
Fixed income - mutual funds	642,463	653,302	568,785	567,761
Other investments	122,657	130,420	42,542	37,935
Money market	112,022	112,022	117,235	117,235
Total Endowments	2,819,835	3,389,146	2,705,753	2,997,073
Beneficial interests in perpetual and remainder trusts	1,243,800	1,586,435	1,270,110	1,483,871
Interest in net assets of a community foundation	25,100	37,968	25,100	36,700
	<u>\$ 4,088,735</u>	<u>\$ 5,013,549</u>	<u>\$ 4,000,963</u>	<u>\$ 4,517,644</u>

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

	2020	2019
Interest and dividends - Net of investment fees	\$ 43,227	\$ 54,900
Realized (losses) gains on investments	(10,016)	68,243
	<u>\$ 33,211</u>	<u>\$ 123,143</u>

# YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

## NOTES TO FINANCIAL STATEMENTS

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### Note 6. Fair Value Measurements

The Organization 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 Organization. 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, 2020 and 2019:

- 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 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.

# 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, 2020 and 2019:

Assets at Fair Value as of December 31, 2020				
	Level 1	Level 2	Level 3	Total
<b>Endowments</b>				
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
<b>Beneficial interests in perpetual and remainder trusts</b>				
	-	-	1,586,435	1,586,435
<b>Interest in net assets of a community foundation</b>				
	-	-	37,968	37,968
	<u>\$ 3,389,146</u>	<u>\$ -</u>	<u>\$ 1,624,403</u>	<u>\$ 5,013,549</u>

Assets at Fair Value as of December 31, 2019				
	Level 1	Level 2	Level 3	Total
<b>Endowments</b>				
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
<b>Beneficial interests in perpetual and remainder trusts</b>				
	-	-	1,483,871	1,483,871
<b>Interest in net assets of a community foundation</b>				
	-	-	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

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### Note 7. 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 endowments 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 investment 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 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.

# 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 Organization 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 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 and those trusts and the foundation.

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

	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>
	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>



**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:

	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>
	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	(77,200)	-	(77,200)
Endowment net assets, end of year	<u>\$ 3,033,773</u>	<u>\$ 1,483,871</u>	<u>\$ 4,517,644</u>

**Note 8. Line-of-Credit**

The Organization has available for operations a line-of-credit of \$500,000 with borrowings outstanding at \$185,000 and \$389,493 on December 31, 2020 and 2019, respectively. The line-of-credit bears interest at the New York Prime rate, which was 3.25% and 4.75% as of December 31, 2020 and 2019, 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

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### Note 9. Capital Lease

On March 20, 2017, the Organization 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 \$27,049 and \$19,836 as of December 31, 2020 and 2019, 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
2021	\$ 8,364
2022	8,364
2023	3,271
	<hr/>
	19,999
Less amounts representing interest	<hr/>
	(1,180)
Present value of net minimum lease payments	18,819
Less current maturities of capital lease obligations	<hr/>
	(7,596)
Long-Term Capital Lease Obligation	<hr/> <hr/>
	\$ 11,223

### Note 10. Operating Lease

In October 2016, the Organization entered into a lease for the use of a copier. The lease was 48 months and required monthly payments of \$174. The Organization 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, 2020 and 2019, were \$2,034 and \$2,088.

Year	Amount
2021	\$ 2,016
2022	2,016
2023	2,016
2024	1,428
	<hr/>
	\$ 7,476

# YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

## NOTES TO FINANCIAL STATEMENTS

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### Note 11. 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 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 Organization began making monthly principal payments in September 2013. Interest rate was 2.61% as of December 31, 2020 and 2019.

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 ended December 31, 2020 and 2019.

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>

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:

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

# YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

## NOTES TO FINANCIAL STATEMENTS

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### Note 11. Note Payable (Continued)

Following are the future minimum payments on the note payable:

Year	Amount
2021	\$ 137,439
2022	141,069
2023	144,795
2024	73,738
	<u>\$ 497,041</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 provides 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 maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. The SPCA intends 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.

To the extent that the SPCA is not granted forgiveness, the SPCA will be required to pay interest on the PPP loan at a rate of 1% per annum. If the application for forgiveness is not made within 10 months of the end of the covered period, payments of principal and interest will 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 may be accelerated upon the occurrence of a default event.

The SPCA has recorded a note payable and will record forgiveness upon being legally released from the loan obligation. In March 2021, the Organization was notified that the full amount of the Paycheck Protection Program loan has been forgiven. This debt forgiveness will be recognized as revenue during the year ended December 31, 2021.

# YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

## NOTES TO FINANCIAL STATEMENTS

### Note 13. 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:

	2020	2019
Undesignated	\$ 2,222,271	\$ 2,335,395
Board designated for Endowment	3,427,114	3,033,773
	<u>\$ 5,649,385</u>	<u>\$ 5,369,168</u>

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

	2020	2019
Subject to expenditures for specific purpose:		
Second change program	\$ 209,529	\$ 182,174
Equine care program	33,673	36,646
Wildside program	27,631	27,631
Spay it forward program	-	39,917
Subject to the passage of time:		
Beneficial interest in charitable remainder trusts	167,209	158,768
Pledges receivable - operations	104,017	91,797
Perpetual in nature		
Beneficial interest in perpetual trusts	1,419,226	1,325,103
	<u>\$ 1,961,285</u>	<u>\$ 1,862,036</u>

2020 and 2019 net assets were released from donor restrictions by incurring expenses satisfying restricted purposes or by realization of events specified by donors as follows:

	2020	2019
Satisfaction of purpose restrictions:		
Equine care program	\$ 2,973	\$ 31,730
Wildside program	-	3,294
Spay it forward program	39,917	-
	<u>\$ 42,890</u>	<u>\$ 35,024</u>

# YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2020 and 2019, totaled \$8,404 and \$14,493, respectively.

During the years ended December 31, 2020 and 2019, 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 15. 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, 2020 and 2019, amounted to \$22,313 and \$19,191, respectively.

### Note 16. Related Parties

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

	2020	2019
Contributions	\$ 277,205	\$ 138,485

### Note 17. Supplemental Cash Flow

In 2020, capital lease payments of \$6,223 principal and \$2,141 interest were paid with points. In 2019, capital lease payments of \$6,923 principal and \$1,441 interest were paid with points.

Cash paid for interest for the years ended December 31, 2020 and 2019, was \$26,709 and \$25,043 respectively.

# YORK COUNTY SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

## NOTES TO FINANCIAL STATEMENTS

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### **Note 18. 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.