

**SPCA of Westchester, Inc.**  
**Financial Statements**  
**and**  
**Independent Auditors' Report**  
**December 31, 2018**

**SPCA of Westchester, Inc.**

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## Independent Auditors' Report

To the Board of Directors of  
SPCA of Westchester, Inc.

We have audited the accompanying financial statements of SPCA of Westchester, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SPCA of Westchester, Inc. as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Report on Summarized Comparative Information

We have previously audited SPCA of Westchester, Inc.'s 2017 financial statements, and our report dated June 29, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Vargas & Rivera, LLP*

New City, New York

July 12, 2019

SPCA of Westchester, Inc.  
Statement of Financial Position  
December 31, 2018  
(with comparative totals as of December 31, 2017)

| ASSETS  | <u>2018</u>         | <u>2017</u>         |
|---|---------------------|---------------------|
| <b>CURRENT ASSETS</b>                         |                     |                     |
| Cash and Cash Equivalents                     | \$ 2,553,716        | \$ 1,047,336        |
| Accounts and Legacies Receivable              | 1,485               | 2,495               |
| Pledges Receivables, net (Note 3)             | 1,657,513           | -                   |
| Investments in Marketable Securities (Note 4) | 5,269,703           | 5,210,073           |
| Prepaid Expenses                              | <u>10,964</u>       | <u>-</u>            |
| <b>TOTAL CURRENT ASSETS</b>                   | <u>9,493,381</u>    | <u>6,259,904</u>    |
| <b>FIXED ASSETS</b>                           |                     |                     |
| Land and Improvements                         | 45,862              | 45,862              |
| Building and Improvements                     | 1,767,823           | 1,767,823           |
| Office Equipment                              | 189,073             | 189,073             |
| Automobiles                                   | <u>154,101</u>      | <u>154,101</u>      |
|   | 2,156,859           | 2,156,859           |
| Less: Accumulated Depreciation                | <u>(1,844,789)</u>  | <u>(1,804,572)</u>  |
| <b>TOTAL FIXED ASSETS</b>                     | <u>312,070</u>      | <u>352,287</u>      |
| <b>TOTAL ASSETS</b>                           | <u>\$ 9,805,451</u> | <u>\$ 6,612,191</u> |
| <br><b>LIABILITIES AND NET ASSETS</b>         |                     |                     |
| Accounts Payable and Accrued Expenses         | <u>\$ 30,379</u>    | <u>\$ 84,794</u>    |
| <b>TOTAL LIABILITIES</b>                      | <u>30,379</u>       | <u>84,794</u>       |
| <b>NET ASSETS</b>                             |                     |                     |
| Without Donor Restrictions                    | 6,299,072           | 5,968,867           |
| With Donor Restrictions (Note 6)              | <u>3,476,000</u>    | <u>558,530</u>      |
| <b>TOTAL NET ASSETS</b>                       | <u>9,775,072</u>    | <u>6,527,397</u>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>       | <u>\$ 9,805,451</u> | <u>\$ 6,612,191</u> |

See accompanying notes to financial statements and independent auditors' report.

SPCA of Westchester, Inc.  
Statement of Activities  
For the Year Ended December 31, 2018  
(with comparative totals for the year ended December 31, 2017)

|   | 2018                             |                               |                  | 2017             |
|---|----------------------------------|-------------------------------|------------------|------------------|
|   | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total            |                  |
| <b>PUBLIC SUPPORT AND REVENUE:</b>  |                                  |                               |                  |                  |
| Public Support:   |                                  |                               |                  |                  |
| Contributions   | \$ 1,178,523                     | \$ 1,298,290                  | \$ 2,476,813     | \$ 1,095,388     |
| Legacies  | 332,444                          | -                             | 332,444          | 774,365          |
| Appeals   | 302,613                          | -                             | 302,613          | 282,330          |
| Pledges   | -                                | 1,753,513                     | 1,753,513        | -                |
| Special Events (Integral and Ongoing)   |                                  |                               |                  |                  |
| Contributions   | 273,409                          |                               | 273,409          | 370,779          |
| Special Events Revenue  | 122,375                          |                               | 122,375          | 90,765           |
| Cost of Direct Benefits to Donors   | (67,088)                         |                               | (67,088)         | (42,688)         |
| Net Fundraising Revenue   | 328,696                          | -                             | 328,696          | 418,856          |
| Fundraising Events (Peripheral and Incidental)<br>(Net of Expenses of \$11,951) | 24,391                           | -                             | 24,391           | 96,689           |
| <b>Total Public Support</b>   | <b>2,166,667</b>                 | <b>3,051,803</b>              | <b>5,218,470</b> | <b>2,667,628</b> |
| Other Revenues  |                                  |                               |                  |                  |
| Program Service Fees  | 690,502                          | -                             | 690,502          | 584,135          |
| Adoption Fees   | 287,678                          | -                             | 287,678          | 267,680          |
| Interest and Dividend Income  | 130,932                          | -                             | 130,932          | 104,207          |
| Net Realized and Unrealized Gain<br>(Loss) on Investments                       | (34,420)                         | -                             | (34,420)         | 379,499          |
| Contributed Services and Supplies   | 179,787                          | -                             | 179,787          | 75,873           |
| <b>Total Other Revenue</b>  | <b>1,254,479</b>                 | <b>-</b>                      | <b>1,254,479</b> | <b>1,411,394</b> |
| Net Assets Released From Restrictions   | 163,333                          | (163,333)                     | -                | -                |
| <b>Total Public Support and Other Revenue</b>                                   | <b>3,584,479</b>                 | <b>2,888,470</b>              | <b>6,472,949</b> | <b>4,079,022</b> |
| <b>EXPENSES</b>   |                                  |                               |                  |                  |
| Program Services  |                                  |                               |                  |                  |
| Animal Shelter  | 1,875,402                        | -                             | 1,875,402        | 1,724,124        |
| Outreach and Education  | 49,669                           | -                             | 49,669           | 56,344           |
| Simpson Clinic  | 585,499                          | -                             | 585,499          | 478,272          |
| Humane Law Enforcement  | 202,457                          | -                             | 202,457          | 210,298          |
| <b>Total Program Services</b>   | <b>2,713,027</b>                 | <b>-</b>                      | <b>2,713,027</b> | <b>2,469,038</b> |

See accompanying notes to financial statements and independent auditors' report.

SPCA of Westchester, Inc.  
Statement of Activities  
For the Year Ended December 31, 2018  
(with comparative totals for the year ended December 31, 2017)

|                                | 2018                             |                               |                            | 2017                       |
|--------------------------------|----------------------------------|-------------------------------|----------------------------|----------------------------|
|                                | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total                      |                            |
| Supporting Services            |                                  |                               |                            |                            |
| Management and General         | 113,294                          | -                             | 113,294                    | 101,077                    |
| Fundraising                    | 216,749                          | -                             | 216,749                    | 238,850                    |
| Capital Campaign               | 182,204                          | -                             | 182,204                    | 77,872                     |
| Total Supporting Services      | <u>\$ 512,247</u>                | <u>\$ -</u>                   | <u>\$ 512,247</u>          | <u>\$ 417,799</u>          |
| Total Expenses                 | <u>\$ 3,225,274</u>              | <u>\$ -</u>                   | <u>\$ 3,225,274</u>        | <u>\$ 2,886,837</u>        |
| Change in Net Assets           | 359,205                          | 2,888,470                     | 3,247,675                  | 1,192,185                  |
| Net Assets, Beginning of Year  | 5,968,867                        | 558,530                       | 6,527,397                  | 5,335,212                  |
| Net Asset Adjustments (Note 6) | <u>(29,000)</u>                  | <u>29,000</u>                 | <u>-</u>                   | <u>-</u>                   |
| Net Assets, End of Year        | <u><u>\$ 6,299,072</u></u>       | <u><u>\$ 3,476,000</u></u>    | <u><u>\$ 9,775,072</u></u> | <u><u>\$ 6,527,397</u></u> |

See accompanying notes to financial statements and independent auditors' report.

SPCA of Westchester, Inc.  
Statement of Cash Flows  
For the Year Ended December 31, 2018  
(with comparative totals for the year ended December 31, 2017)

|  | 2018         | 2017         |
|--|--------------|--------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>   |              |              |
| Change in Net Assets   | \$ 3,247,675 | \$ 1,192,185 |
| Adjustments to Reconcile Change in Net Assets to<br>Net Cash Provided by Operating Activities: |              |              |
| Depreciation Expense   | 40,217       | 42,042       |
| Net Realized and Unrealized (Gain) Loss on Sale of Investments                                 | 34,420       | (379,499)    |
| Changes in Assets and Liabilities:   |              |              |
| (Increase)/Decrease in Accounts and Legacies Receivable  | 1,010        | 230,222      |
| (Increase)/Decrease in Pledges Receivable  | (1,657,513)  | -            |
| (Increase)/Decrease in Prepaid Expenses  | (10,964)     | 1,811        |
| Increase/(Decrease) in Accounts Payable and Accrued Expenses                                   | (54,415)     | 16,214       |
| TOTAL ADJUSTMENTS  | (1,647,245)  | (89,210)     |
| NET CASH PROVIDED BY OPERATING ACTIVITIES  | 1,600,430    | 1,102,975    |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>   |              |              |
| Purchase of Fixed Assets   | -            | (24,341)     |
| Purchase of Investments  | (5,536,594)  | (2,544,897)  |
| Proceeds from Sales of Investments   | 5,442,544    | 1,602,933    |
| NET CASH USED IN INVESTING ACTIVITIES  | (94,050)     | (966,305)    |
| NET INCREASE IN CASH AND CASH EQUIVALENTS  | 1,506,380    | 136,670      |
| CASH AT THE BEGINNING OF YEAR  | 1,047,336    | 910,666      |
| CASH AT THE END OF YEAR  | \$ 2,553,716 | \$ 1,047,336 |

See accompanying notes to financial statements and independent auditors' report.



SPCA of Westchester, Inc.  
Notes to the Financial Statements  
December 31, 2018

NOTE 1: NATURE OF ORGANIZATION

SPCA of Westchester, Inc. ("the Organization") is a no-kill, not for profit animal welfare organization dedicated to saving homeless, abused or abandoned cats, dogs and horses; to providing lifesaving care to treatable cats, dogs and horses; to placing all adoptable animals in permanent homes; to providing and promoting spay and neuter services; to protecting animals from cruelty and neglect through aggressive and proactive enforcement of the humane laws of the state of New York; and to educating the public so that ignorance does not result in neglect.

The Organization operates a shelter for stray animals and has contracts with 11 municipalities to accept stray cats and dogs for return to their owners or to arrange for them to be adopted; a veterinary-care clinic that offers the public low cost spay and neuter surgeries, examinations, vaccinations and testing for diseases in an effort to help people keep their pets healthy; a pet visitation program to healthcare facilities, schools, homeless shelters and group homes; a Humane Law Enforcement Program authorized by New York State to enforce its laws as they relate to animal cruelty in Westchester County investigating cruelty complaints involving dogs, cats, horses, exotics and farm animals; a volunteer program dedicated to taking care of and making the animals at the shelter more desirable for adoption; and an equine emergency program that provides emergency relief to neglected and abused horses.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*New Accounting Pronouncement*

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented. Accordingly, the Organization reviewed all of its net asset classification and reclassified \$5,968,867 of unrestricted net assets to net assets without donor restrictions, \$542,180 of temporarily restricted net assets and \$16,350 of permanently restricted net assets to net assets with donor restrictions as of January 1, 2018.

*Basis of Presentation*

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

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 primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

SPCA of Westchester, Inc.  
Notes to the Financial Statements  
December 31, 2018

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Basis of Accounting*

The Organization's financial statements presented herein have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles in the United States of America.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

*Income Tax Status*

The Organization is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and applicable state regulations and, accordingly, is exempt from federal and state taxes on income. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so.

The Organization files the Form 990 in the U.S. federal jurisdiction. With few exceptions, as of December 31, 2018, the Organization is no longer subject to U.S. Federal income tax examinations by tax authorities for the years ended prior to December 31, 2014. The tax returns for the years ended December 31, 2015 through December 31, 2017 are still subject to potential audit by the IRS. Management of the Organization believes it has no material uncertain tax positions and, accordingly it has not recognized any liability for unrecognized tax benefits.

*Cash and Cash Equivalents*

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with initial maturities of three months or less to be cash equivalents. Cash held in investments is included in cash and cash equivalents.

*Support and Revenue Recognition*

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

*Pledges Receivable*

Pledges receivable consist of donations related to a capital campaign launched by the Organization to raise funds for the rebuilding of the facilities and other general purposes, net of an allowance for doubtful accounts based on management's estimate of the amount considered potentially uncollectible (See Note 3).

*Functional Allocation of Expenses*

Expenses are charged to programs or supporting services based on direct expenditures incurred. Any expenses not directly chargeable to a specific program or supporting service are allocated based on the benefits provided.

SPCA of Westchester, Inc.  
Notes to the Financial Statements  
December 31, 2018

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Liquidity*

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting in use of cash.

*Fair Value Measurements*

The Organization categorizes its financial instruments into a three-level fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuation of assets and liabilities traded for less active dealer or broker markets that have significant observable inputs are classified as Level 2. Level 2 valuations are usually obtained from third-party pricing service valuations for identical or similar assets. If the inputs are used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument.

*Investments*

Investments in marketable securities are stated at fair value in the statements of financial position. The fair value of equity securities is determined based upon quoted prices in active markets (Level 1 measurements). The fair value of corporate bonds and government and federal agency obligations is based upon quoted prices for similar securities in active markets (Level 2 measurements). Realized and unrealized gains and losses are included in the change in net assets and are included in the statements of activities as net realized and unrealized gains (losses) on investments.

*Property and Equipment*

Property and equipment are recorded at cost. Donated property and equipment are recorded at market value at the date of the gift. Depreciation of buildings and equipment is provided on the straight-line basis over the estimated useful lives of the assets, as follows: Building and improvements - 15-39 years; Office equipment - 5-7 years; Automobiles - 3-5 years.

*Concentrations of Credit Risk*

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash accounts at financial institutions which at times may exceed federally insured limits. The Organization reduces its exposure to credit risks by maintaining its cash accounts with high quality financial institutions.

At December 31, 2018, cash included \$1,244,400 on deposit in excess of federally insured limits of \$250,000.

The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment or groups of investments represent a significant concentration of market risk.

NOTE 3: PLEDGES RECEIVABLE:

Management will periodically review the status of all pledges receivable balances for collectability. Each pledge receivable balance is assessed based upon management's analysis of past pledges made and collected.

Pledges receivable that are expected to be collected within one year are recorded at undiscounted net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of their estimated cash flows. The discount of those amounts are computed using an interest rate applicable to the years in which the pledges are received. Pledges receivable are recorded at their discounted net present value using a discount rate of 5%.

SPCA of Westchester, Inc.  
Notes to the Financial Statements  
December 31, 2018

NOTE 3: PLEDGES RECEIVABLE (CONTINUED)

Pledges receivable at December 31, 2018 are as follows:

|                                 |                            |
|---------------------------------|----------------------------|
| Due in less than one year       | \$ 857,311                 |
| Due in one to five years        | <u>1,059,278</u>           |
|                                 | 1,916,589                  |
| Present value discount (5%)     | (163,076)                  |
| Allowance for doubtful accounts | <u>(96,000)</u>            |
|                                 | <u><u>\$ 1,657,513</u></u> |

NOTE 4: INVESTMENTS:

Investments consist of the following at December 31, 2018:

|  | Fair<br>Value              | Cost                       | Hierarchy |
|--|----------------------------|----------------------------|-----------|
| Certificates of Deposits                   | \$ 1,411,194               | \$ 1,427,190               | Level 1   |
| U.S. Equity Securities                     | 484,875                    | 412,552                    | Level 1   |
| U.S. Corporate Bonds and Notes             | 1,716,741                  | 1,749,330                  | Level 2   |
| Mutual Funds                               | 356,318                    | 371,314                    | Level 1   |
| U.S. Government and Agency Bonds and Notes | 1,300,575                  | 1,281,525                  | Level 2   |
| Alternative Investments                    | <u>-</u>                   | <u>-</u>                   | Level 1   |
|  | <u><u>\$ 5,269,703</u></u> | <u><u>\$ 5,241,911</u></u> |           |

A summary of the return on investments held in securities is as follows:

|                         |                         |
|-------------------------|-------------------------|
| Interest and dividends  | \$ 130,932              |
| Realized gain (loss)    | 646,579                 |
| Unrealized gain (loss)  | (680,999)               |
| Investment fees         | <u>(47,137)</u>         |
| Total investment return | <u><u>\$ 49,375</u></u> |

NOTE 5: PENSION PLAN

The Organization participates in a multi-employer plan for the benefit of its employees who are union members. Total union pension expense was \$19,688 for the year ended December 31, 2018.

The Organization has a 401(k) defined contribution plan for all non-union employees. Participating employees may elect to contribute after three (3) months of employment, on a tax-deferred basis, a portion of their compensation, in accordance with Section 401(k) of the Internal Revenue Service.

NOTE 6: NET ASSETS - WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes: Capital Campaign for \$3,459,600 and Janet Greenspan Memorial Fund for \$16,400.

SPCA of Westchester, Inc.  
Notes to the Financial Statements  
December 31, 2018

NOTE 7 - CONTRIBUTED SERVICES AND SUPPLIES

There were veterinarians and veterinary technicians that contributed their time to the Organization. These individuals possess specialized skills which would have to be purchased if not donated. The value of this contributed time is stated at \$7,200 in 2018.

In addition to the donated services, the Organization also receives donated supplies for the use of the animals at the shelter throughout the year. The value of these donated supplies for the year ended December 31, 2018 is \$172,587.

NOTE 8 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$7,824,904 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$2,553,716, accounts receivable of \$1,485, and investments of \$5,269,703. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position.

The Organization is substantially supported by restricted contributions for the capital campaign. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures and for meeting its liabilities and other obligations as they become due.

NOTE 9 - CAPITAL CAMPAIGN

In 2017, the SPCA of Westchester, Inc. undertook a study to assess whether we would be able to launch a capital campaign to build a much needed new and modern shelter for Westchester's dogs and cats. We were pleased to learn that the majority of those interviewed were excited by the project and very positive about the organization and with its leadership. To further this effort, the SPCA signed an agreement with BBL Construction Services on 12/27/17 for exploration.

The purpose of the campaign is to raise funds to provide better housing for the shelter animals and more efficient and welcoming space for the humans who care for them and come to adopt them by constructing and equipping a new building to replace the buildings currently on the Organization's property.

NOTE 10 - PRIOR PERIOD SUMMARIZED FINANCIAL INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

NOTE 11 - SUBSEQUENT EVENTS

The Organization evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected or disclosed in the financial statements. Such evaluation is performed through the date the financial statements are available for issuance, which is July 12, 2019, for these financial statements.

SPCA of Westchester, Inc.  
Schedule of Functional Expenses  
For the Year Ended December 31, 2018  
(with comparative totals for the year ended December 31, 2017)

|  | Program Services    |                      |                   |                        |                        | Supporting Services  |                   |                   | Total               |                     |
|--|---------------------|----------------------|-------------------|------------------------|------------------------|----------------------|-------------------|-------------------|---------------------|---------------------|
|  | Animal Shelter      | Outreach & Education | Simpson Clinic    | Humane Law Enforcement | Total Program Services | Management & General | Fund-Raising      | Capital Campaign  | 2018                | 2017                |
| <u>Personnel Services</u>                    |                     |                      |                   |                        |                        |                      |                   |                   |                     |                     |
| Salaries                                     | \$ 808,822          | \$ 37,495            | \$ 284,175        | \$ 138,856             | \$ 1,269,348           | \$ 38,588            | \$ 41,507         | \$ -              | \$ 1,349,443        | \$ 1,178,458        |
| Fringe Benefits                              | 93,792              | 2,426                | 32,784            | 1,063                  | 130,065                | 380                  | 712               | -                 | 131,157             | 99,694              |
| Payroll Taxes                                | 68,577              | 2,626                | 20,730            | 10,561                 | 102,494                | 2,890                | 3,114             | -                 | 108,498             | 93,201              |
| Total Personal Services and Related Expenses | 971,191             | 42,547               | 337,689           | 150,480                | 1,501,907              | 41,858               | 45,333            | -                 | 1,589,098           | 1,371,353           |
| <u>Other Than Personnel Services</u>         |                     |                      |                   |                        |                        |                      |                   |                   |                     |                     |
| Professional Fees                            | 18,579              | 477                  | 200               | 799                    | 20,055                 | 8,407                | -                 | 86,204            | 114,666             | 111,676             |
| Veterinarians                                | 2,256               | -                    | 41,218            | -                      | 43,474                 | -                    | -                 | -                 | 43,474              | 53,703              |
| Investment Advisory Fees                     | -                   | -                    | -                 | -                      | -                      | 47,137               | -                 | -                 | 47,137              | 50,298              |
| Utilities                                    | 37,404              | 995                  | 8,610             | 3,669                  | 50,678                 | 6,028                | -                 | -                 | 56,706              | 52,161              |
| Outside Services                             | 14,188              | 2,043                | 10,390            | -                      | 26,621                 | -                    | 11,813            | -                 | 38,434              | 23,948              |
| Repairs and Maintenance                      | 34,158              | 786                  | 15,375            | 1,948                  | 52,267                 | -                    | -                 | -                 | 52,267              | 55,754              |
| Telephone                                    | 4,211               | 390                  | 3,865             | 10,805                 | 19,271                 | -                    | 300               | -                 | 19,571              | 18,849              |
| Supplies                                     | 30,611              | -                    | 3,667             | 174                    | 34,452                 | 187                  | 1,803             | -                 | 36,442              | 41,050              |
| Postage                                      | 4,165               | -                    | -                 | 6                      | 4,171                  | -                    | 6,362             | -                 | 10,533              | 6,851               |
| Transport Fees                               | 319,252             | -                    | -                 | -                      | 319,252                | -                    | -                 | -                 | 319,252             | 407,205             |
| Insurance                                    | 35,264              | -                    | 15,616            | 26,371                 | 77,251                 | 6,089                | -                 | -                 | 83,340              | 70,672              |
| Medical Supplies                             | 122,632             | -                    | 90,443            | -                      | 213,075                | -                    | -                 | -                 | 213,075             | 171,939             |
| Gift Shop Expenses                           | 3,573               | -                    | 19,403            | -                      | 22,976                 | -                    | -                 | -                 | 22,976              | 20,941              |
| Critter Credit                               | 22,889              | -                    | -                 | -                      | 22,889                 | -                    | -                 | -                 | 22,889              | 50,152              |
| Advertising and Marketing                    | 11,838              | 1,472                | 1,472             | 1,472                  | 16,254                 | -                    | 5,354             | -                 | 21,608              | 33,990              |
| Direct Mail                                  | -                   | -                    | -                 | -                      | -                      | -                    | 118,189           | -                 | 118,189             | 96,682              |
| Emergency Animal Care                        | 13,799              | -                    | -                 | 30                     | 13,829                 | -                    | -                 | -                 | 13,829              | 17,133              |
| Automobile                                   | 2,815               | -                    | -                 | 5,661                  | 8,476                  | -                    | -                 | -                 | 8,476               | 9,988               |
| Water and Sewer Assessment Fees              | 7,659               | -                    | 1,039             | -                      | 8,698                  | -                    | -                 | -                 | 8,698               | 10,832              |
| Credit Card and Other Fees                   | 11,341              | -                    | 10,612            | -                      | 21,953                 | -                    | -                 | -                 | 21,953              | 20,384              |
| Adoption/Special Events                      | -                   | -                    | -                 | -                      | -                      | -                    | 26,907            | -                 | 26,907              | 47,928              |
| Contributed Services                         | -                   | -                    | 7,200             | -                      | 7,200                  | -                    | -                 | -                 | 7,200               | 6,300               |
| Contributed Supplies                         | 172,587             | -                    | -                 | -                      | 172,587                | -                    | -                 | -                 | 172,587             | 69,573              |
| Bad Debt Expense                             | -                   | -                    | -                 | -                      | -                      | -                    | -                 | 96,000            | 96,000              | -                   |
| Miscellaneous Expenses                       | 10,516              | 959                  | 2,957             | 1,042                  | 15,474                 | 3,588                | 688               | -                 | 19,750              | 25,433              |
| Total Other Than Personnel Services          | 879,737             | 7,122                | 232,067           | 51,977                 | 1,170,903              | 71,436               | 171,416           | 182,204           | 1,595,959           | 1,473,442           |
| Total Expense Before Depreciation            | 1,850,928           | 49,669               | 569,756           | 202,457                | 2,672,810              | 113,294              | 216,749           | 182,204           | 3,185,057           | 2,844,795           |
| Depreciation Expense                         | 24,474              | -                    | 15,743            | -                      | 40,217                 | -                    | -                 | -                 | 40,217              | 42,042              |
| <b>TOTAL</b>                                 | <b>\$ 1,875,402</b> | <b>\$ 49,669</b>     | <b>\$ 585,499</b> | <b>\$ 202,457</b>      | <b>\$ 2,713,027</b>    | <b>\$ 113,294</b>    | <b>\$ 216,749</b> | <b>\$ 182,204</b> | <b>\$ 3,225,274</b> | <b>\$ 2,886,837</b> |

See accompanying notes to financial statements and independent auditors' report.