

**SPCA of Westchester, Inc.**

**Financial Statements**

**and**

**Independent Auditors' Report**

**December 31, 2019 and 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 statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expense, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Vargas & Rivera, LLP*

New City, New York  
June 30, 2020

SPCA of Westchester, Inc.  
Statements of Financial Position  
December 31, 2019 and 2018

ASSETS	2019	2018
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,238,543	\$ 2,553,716
Accounts and Legacies Receivable	1,945	1,485
Pledges Receivables, net (Note 3)	1,176,281	1,657,513
Investments in Marketable Securities (Note 4)	5,890,546	5,269,703
Prepaid Expenses	11,748	10,964
TOTAL CURRENT ASSETS	<u>11,319,063</u>	<u>9,493,381</u>
FIXED ASSETS		
Land and Improvements	45,862	45,862
Building and Improvements	1,767,823	1,767,823
Office Equipment	192,373	189,073
Automobiles	154,101	154,101
Construction in Progress	83,180	-
	<u>2,243,339</u>	<u>2,156,859</u>
Less: Accumulated Depreciation	<u>(1,881,427)</u>	<u>(1,844,789)</u>
TOTAL FIXED ASSETS	<u>361,912</u>	<u>312,070</u>
TOTAL ASSETS	<u><u>\$ 11,680,975</u></u>	<u><u>\$ 9,805,451</u></u>
LIABILITIES AND NET ASSETS		
Accounts Payable and Accrued Expenses	<u>\$ 103,463</u>	<u>\$ 30,379</u>
TOTAL LIABILITIES	<u>103,463</u>	<u>30,379</u>
NET ASSETS		
Without Donor Restrictions	6,812,060	6,299,072
With Donor Restrictions (Note 6)	<u>4,765,452</u>	<u>3,476,000</u>
TOTAL NET ASSETS	<u>11,577,512</u>	<u>9,775,072</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 11,680,975</u></u>	<u><u>\$ 9,805,451</u></u>

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

SPCA of Westchester, Inc.  
Statements of Activities  
For the Year Ended December 31, 2019 and 2018

NET ASSETS WITHOUT DONOR RESTRICTIONS	2019	2018
PUBLIC SUPPORT AND REVENUE:		
Public Support:		
Contributions	\$ 1,199,721	\$ 1,178,523
Legacies	70,959	332,444
Appeals	275,756	302,613
Special Events (Integral and Ongoing)		
Contributions	264,012	273,409
Special Events Revenue	175,335	122,375
Cost of Direct Benefits to Donors	(81,097)	(67,088)
Net Fundraising Revenue	358,250	328,696
Fundraising Events (Peripheral and Incidental)		
(Net of Expenses of \$7,620 for 2019 and \$11,951 for 2018)	27,129	24,391
Total Public Support	1,931,815	2,166,667
Other Revenues		
Program Service Fees	680,851	690,502
Adoption Fees	303,962	287,678
Interest and Dividend Income	179,937	130,932
Net Realized and Unrealized Gain		
(Loss) on Investments	206,099	(34,420)
Contributed Services and Supplies	55,996	179,787
Total Other Revenue	1,426,845	1,254,479
Net Assets Released From Restrictions	306,338	163,333
Total Public Support and Other Revenue Without Donor Restrictions	3,664,998	3,584,479
EXPENSES		
Program Services		
Animal Shelter	1,684,596	1,875,402
Outreach and Education	49,511	49,669
Simpson Clinic	642,313	585,499
Humane Law Enforcement	233,967	202,457
Total Program Services	2,610,387	2,713,027

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

SPCA of Westchester, Inc.  
Statements of Activities  
For the Year Ended December 31, 2019 and 2018

NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>2019</u>	<u>2018</u>
Supporting Services		
Management and General	61,805	113,294
Fundraising	257,099	216,749
Capital Campaign	<u>222,719</u>	<u>182,204</u>
Total Supporting Services	<u>\$ 541,623</u>	<u>\$ 512,247</u>
Total Expenses	<u>\$ 3,152,010</u>	<u>\$ 3,225,274</u>
Change in Net Assets Without Donor Restrictions	512,988	359,205
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	964,561	1,298,290
Pledges	375,079	1,753,513
Special Events - Contributions	256,150	-
Net Assets Released From Restrictions	<u>(306,338)</u>	<u>(163,333)</u>
Change in Net Assets With Donor Restrictions	<u>1,289,452</u>	<u>2,888,470</u>
Total Change in Net Assets	1,802,440	3,247,675
Net Assets, Beginning of Year	<u>9,775,072</u>	<u>6,527,397</u>
Net Assets, End of Year	<u><u>\$ 11,577,512</u></u>	<u><u>\$ 9,775,072</u></u>

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

SPCA of Westchester, Inc.  
Statement of Functional Expenses  
For the Year Ended December 31, 2019

	Program Services					Supporting Services			
	Animal Shelter	Outreach & Education	Simpson Clinic	Humane Law Enforcement	Total Program Services	Management & General	Fund- Raising	Capital Campaign	Total
<u>Personnel Services</u>									
Salaries	\$ 719,741	\$ 39,166	\$ 331,416	\$ 171,740	\$ 1,262,063	\$ 41,117	\$ 44,599	\$ -	\$ 1,347,779
Fringe Benefits	92,330	186	51,100	1,341	144,957	485	864	-	146,306
Payroll Taxes	61,125	2,788	24,007	13,066	100,986	3,074	3,340	-	107,400
Total Personal Services and Related Expenses	873,196	42,140	406,523	186,147	1,508,006	44,676	48,803	-	1,601,485
<u>Other Than Personnel Services</u>									
Professional Fees	24,800	972	282	1,288	27,342	-	5,226	181,669	214,237
Veterinarians	8,590	-	17,400	-	25,990	-	-	-	25,990
Investment Advisory Fees	-	-	-	-	-	11,137	-	-	11,137
Utilities	46,594	1,065	6,692	2,181	56,532	-	190	-	56,722
Outside Services	17,682	2,875	13,024	-	33,581	-	29,343	-	62,924
Repairs and Maintenance	25,035	711	11,605	1,808	39,159	-	430	-	39,589
Telephone	3,153	262	3,131	10,016	16,562	-	300	-	16,862
Supplies	34,588	-	8,098	713	43,399	180	2,002	-	45,581
Postage	3,336	-	667	333	4,336	-	5,610	-	9,946
Transport Fees	318,861	-	-	-	318,861	-	-	-	318,861
Insurance	37,068	-	15,628	26,187	78,883	2,530	-	-	81,413
Medical Supplies	114,734	-	98,369	-	213,103	-	-	-	213,103
Gift Shop Expenses	838	-	20,231	-	21,069	-	-	-	21,069
Critter Credit	10,932	-	-	-	10,932	-	-	-	10,932
Advertising and Marketing	7,308	855	1,043	1,043	10,249	-	2,939	-	13,188
Direct Mail	-	-	-	-	-	-	101,039	-	101,039
Emergency Animal Care	45,453	-	-	417	45,870	-	-	-	45,870
Automobile	3,650	-	-	3,322	6,972	-	-	-	6,972
Water and Sewer Assessment Fees	10,135	-	1,835	-	11,970	-	-	-	11,970
Credit Card and Other Fees	9,112	-	11,887	-	20,999	-	50	-	21,049
Adoption/Special Events	11,179	-	-	-	11,179	-	59,975	41,050	112,204
Contributed Services	-	-	4,500	-	4,500	-	-	-	4,500
Contributed Supplies	51,496	-	-	-	51,496	-	-	-	51,496
Miscellaneous Expenses	6,534	631	5,082	512	12,759	3,282	1,192	-	17,233
Total Other Than Personnel Services	791,078	7,371	219,474	47,820	1,065,743	17,129	208,296	222,719	1,513,887
Total Expense Before Depreciation	1,664,274	49,511	625,997	233,967	2,573,749	61,805	257,099	222,719	3,115,372
Depreciation Expense	20,322	-	16,316	-	36,638	-	-	-	36,638
<b>TOTAL</b>	<b>\$ 1,684,596</b>	<b>\$ 49,511</b>	<b>\$ 642,313</b>	<b>\$ 233,967</b>	<b>\$ 2,610,387</b>	<b>\$ 61,805</b>	<b>\$ 257,099</b>	<b>\$ 222,719</b>	<b>\$ 3,152,010</b>

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

SPCA of Westchester, Inc.  
Statement of Functional Expenses  
For the Year Ended December 31, 2018

	Program Services					Supporting Services			
	Animal Shelter	Outreach & Education	Simpson Clinic	Humane Law Enforcement	Total Program Services	Management & General	Fund- Raising	Capital Campaign	Total
<u>Personnel Services</u>									
Salaries	\$ 808,822	\$ 37,495	\$ 284,175	\$ 138,856	\$ 1,269,348	\$ 38,588	\$ 41,507	\$ -	\$ 1,349,443
Fringe Benefits	93,792	2,426	32,784	1,063	130,065	380	712	-	131,157
Payroll Taxes	68,577	2,626	20,730	10,561	102,494	2,890	3,114	-	108,498
Total Personal Services and Related Expenses	971,191	42,547	337,689	150,480	1,501,907	41,858	45,333	-	1,589,098
<u>Other Than Personnel Services</u>									
Professional Fees	18,579	477	200	799	20,055	8,407	-	86,204	114,666
Veterinarians	2,256	-	41,218	-	43,474	-	-	-	43,474
Investment Advisory Fees	-	-	-	-	-	47,137	-	-	47,137
Utilities	37,404	995	8,610	3,669	50,678	6,028	-	-	56,706
Outside Services	14,188	2,043	10,390	-	26,621	-	11,813	-	38,434
Repairs and Maintenance	34,158	786	15,375	1,948	52,267	-	-	-	52,267
Telephone	4,211	390	3,865	10,805	19,271	-	300	-	19,571
Supplies	30,611	-	3,667	174	34,452	187	1,803	-	36,442
Postage	4,165	-	-	6	4,171	-	6,362	-	10,533
Transport Fees	319,252	-	-	-	319,252	-	-	-	319,252
Insurance	35,264	-	15,616	26,371	77,251	6,089	-	-	83,340
Medical Supplies	122,632	-	90,443	-	213,075	-	-	-	213,075
Gift Shop Expenses	3,573	-	19,403	-	22,976	-	-	-	22,976
Critter Credit	22,889	-	-	-	22,889	-	-	-	22,889
Advertising and Marketing	11,838	1,472	1,472	1,472	16,254	-	5,354	-	21,608
Direct Mail	-	-	-	-	-	-	118,189	-	118,189
Emergency Animal Care	13,799	-	-	30	13,829	-	-	-	13,829
Automobile	2,815	-	-	5,661	8,476	-	-	-	8,476
Water and Sewer Assessment Fees	7,659	-	1,039	-	8,698	-	-	-	8,698
Credit Card and Other Fees	11,341	-	10,612	-	21,953	-	-	-	21,953
Adoption/Special Events	-	-	-	-	-	-	26,907	-	26,907
Contributed Services	-	-	7,200	-	7,200	-	-	-	7,200
Contributed Supplies	172,587	-	-	-	172,587	-	-	-	172,587
Bad Debt Expense	-	-	-	-	-	-	-	96,000	96,000
Miscellaneous Expenses	10,516	959	2,957	1,042	15,474	3,588	688	-	19,750
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
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
Depreciation Expense	24,474	-	15,743	-	40,217	-	-	-	40,217
<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>

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



SPCA of Westchester, Inc.  
Statement of Cash Flows  
For the Year Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	<u>\$ 1,802,440</u>	<u>\$ 3,247,675</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation Expense	36,638	40,217
Net Realized and Unrealized (Gain) Loss on Sale of Investments	(206,099)	34,420
Changes in Assets and Liabilities:		
(Increase)/Decrease in Accounts and Legacies Receivable	(460)	1,010
(Increase)/Decrease in Pledges Receivable	481,232	(1,657,513)
(Increase)/Decrease in Prepaid Expenses	(784)	(10,964)
Increase/(Decrease) in Accounts Payable and Accrued Expenses	<u>73,084</u>	<u>(54,415)</u>
TOTAL ADJUSTMENTS	<u>383,611</u>	<u>(1,647,245)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,186,051</u>	<u>1,600,430</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(86,480)	-
Purchase of Investments	(4,274,766)	(5,536,594)
Proceeds from Sales of Investments	<u>3,860,022</u>	<u>5,442,544</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(501,224)</u>	<u>(94,050)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,684,827	1,506,380
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,553,716</u>	<u>1,047,336</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 4,238,543</u></u>	<u><u>\$ 2,553,716</u></u>

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

SPCA of Westchester, Inc.  
Notes to the Financial Statements  
December 31, 2019 and 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 several 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

*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.

*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.

SPCA of Westchester, Inc.  
Notes to the Financial Statements  
December 31, 2019 and 2018

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*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.

*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, 2019, the Organization is no longer subject to U.S. Federal income tax examinations by tax authorities for the years ended prior to December 31, 2015. The tax returns for the years ended December 31, 2016 through December 31, 2018 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.

*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.

*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.

SPCA of Westchester, Inc.  
Notes to the Financial Statements  
December 31, 2019 and 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.

*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, 2019, cash included \$2,760,291 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%.

Pledges receivable at December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Due in less than one year	\$ 459,153	\$ 857,311
Due in one to five years	<u>869,625</u>	<u>1,059,278</u>
	1,328,778	1,916,589
Present value discount (5%)	(56,497)	(163,076)
Allowance for doubtful accounts	<u>(96,000)</u>	<u>(96,000)</u>
	<u><u>\$ 1,176,281</u></u>	<u><u>\$ 1,657,513</u></u>

SPCA of Westchester, Inc.  
Notes to the Financial Statements  
December 31, 2019 and 2018

**NOTE 4: INVESTMENTS:**

Investments consist of the following at December 31, 2019:

	Fair Value	Cost	Hierarchy
Certificates of Deposits	\$ 2,364,199	\$ 2,334,906	Level 1
U.S. Equity Securities	332,396	205,754	Level 1
U.S. Corporate Bonds and Notes	1,029,160	1,009,974	Level 2
Mutual Funds	255,754	252,017	Level 1
U.S. Government and Agency Bonds and Notes	1,903,262	1,861,531	Level 2
Alternative Investments	5,775	5,946	Level 1
	<u>\$ 5,890,546</u>	<u>\$ 5,670,128</u>	

A summary of the return on investments held in securities at December 31, 2019 and 2018 are as follows:

	2019	2018
Interest and dividends	\$ 179,937	\$ 130,932
Realized gain (loss)	147,133	646,579
Unrealized gain (loss)	58,966	(680,999)
Investment fees	(11,137)	(47,137)
	<u>\$ 374,899</u>	<u>\$ 49,375</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 are \$16,932 and \$19,688 for the years ended December 31, 2019 and 2018, respectively.

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 \$4,749,052 and Janet Greenspan Memorial Fund for \$16,400.

**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 \$4,500 and \$7,200 in 2019. and 2018, respectively.

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 years ended December 31, 2019 and 2018 are \$51,496 and \$172,587, respectively.

SPCA of Westchester, Inc.  
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NOTE 8 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The majority of the Organization's public support and revenues are not restricted and are available for ongoing operations to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund nearterm operating needs, and maintaining sufficient reserves to provide reasonable assurance that all obligations will be discharged.

The Organization has a working capital policy to maintain certain financial assets to meet 90 days operating expenses. During the years ended December 31, 2019 and 2018, the level of liquidity was managed within the policy requirements.

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows at December 31, 2019: cash and cash equivalents of \$1,525,516, receivables of \$1,945 and investments of \$5,014,402.

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.

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.

To further this effort, the SPCA signed an agreement with BBL Construction Services on 12/20/17 pertaining to the construction of a new animal care facility (the "Project"), and BBL has now determined the Guaranteed Maximum Price for the Project. On February 20, 2020, the Organization executed a consent resolution and approved the Guaranteed Maximum Price of \$8,808,879. On January 15, 2020, the Organization executed a consent resolution to obtain a loan in amount up to \$6,750,000 from Bank of America, N.A., to fund a portion of the Project costs.

NOTE 10 - 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 June 30, 2020, for these financial statements.