

SPCA of Westchester, Inc.

Financial Statements

and

Independent Auditors' Report

December 31, 2025 and 2024

SPCA of Westchester, Inc.

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Independent Auditors' Report

To the Board of Directors of
SPCA of Westchester, Inc.
Briarcliff Manor, New York

Opinion

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, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SPCA of Westchester, Inc. as of December 31, 2025 and 2024, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

In performing an audit in accordance with generally accepted auditing standards, we:

- * Exercise professional judgment and maintain professional skepticism throughout the audit.
- * Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- * Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SPCA of Westchester, Inc.'s internal control. Accordingly, no such opinion is expressed.
- * Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- * Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SPCA of Westchester, Inc.'s ability to continue as a going concern for a reasonable period of time.

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



Haverstraw, New York

July 7, 2026

SPCA of Westchester, Inc.
Statements of Financial Position
December 31, 2025 and 2024

ASSETS	2025	2024
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,317,209	\$ 4,383,454
Accounts and Legacies Receivable	249,035	182,210
Pledges Receivables, Net (Note 3)	27,739	26,349
Investments in Marketable Securities (Note 4)	11,433,592	8,805,538
Prepaid Expenses	-	2,329
TOTAL CURRENT ASSETS	<u>16,027,575</u>	<u>13,399,880</u>
FIXED ASSETS		
Land and Improvements	40,400	40,400
Building and Improvements	9,340,125	9,252,870
Office Equipment	212,657	210,653
Automobiles	362,409	333,094
	<u>9,955,591</u>	<u>9,837,017</u>
Less: Accumulated Depreciation	<u>(1,585,275)</u>	<u>(1,224,528)</u>
TOTAL FIXED ASSETS	<u>8,370,316</u>	<u>8,612,489</u>
OTHER ASSETS		
Operating Lease ROU - Net (Note 5)	<u>11,718</u>	-
TOTAL OTHER ASSETS	<u>11,718</u>	-
TOTAL ASSETS	<u><u>\$ 24,409,609</u></u>	<u><u>\$ 22,012,369</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 96,327	\$ 84,679
Operating Lease Liability - Current (Note 5)	<u>4,105</u>	-
TOTAL CURRENT LIABILITIES	<u>100,432</u>	<u>84,679</u>
LONG-TERM LIABILITIES		
Operating Lease Liability (Note 5)	<u>7,613</u>	-
TOTAL LONG-TERM LIABILITIES	<u>7,613</u>	-
TOTAL LIABILITIES	<u>108,045</u>	<u>84,679</u>
NET ASSETS		
Without Donor Restrictions	24,231,247	21,857,340
With Donor Restrictions (Note 7)	<u>70,317</u>	<u>70,350</u>
TOTAL NET ASSETS	<u>24,301,564</u>	<u>21,927,690</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 24,409,609</u></u>	<u><u>\$ 22,012,369</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, 2025 and 2024

NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>2025</u>	<u>2024</u>
PUBLIC SUPPORT AND REVENUE		
Public Support:		
Contributions	\$ 2,519,182	\$ 2,610,765
Legacies	1,059,697	1,615,484
Special Events (Integral and Ongoing)		
Contributions	1,068,832	971,919
Special Events Revenue	88,671	85,744
Cost of Direct Benefits to Donors	<u>(176,285)</u>	<u>(167,246)</u>
Net Fundraising Revenue	<u>981,218</u>	<u>890,417</u>
 Total Public Support	 <u>4,560,097</u>	 <u>5,116,666</u>
 Other Revenues		
Program Service Fees	687,941	694,144
Adoption Fees	501,586	407,988
Investment Income (Loss), Net of Fees (Note 4)	1,497,540	519,645
Contributed Supplies	<u>29,388</u>	<u>54,108</u>
 Total Other Revenue	 <u>2,716,455</u>	 <u>1,675,885</u>
 Net Assets Released From Restrictions	 <u>50,000</u>	 <u>53,500</u>
 Total Public Support and Other Revenue Without Donor Restrictions	 <u>7,326,552</u>	 <u>6,846,051</u>
 EXPENSES		
Program Services		
Animal Rescue Center	2,922,791	2,760,508
Outreach and Education	166,850	178,142
Cody's Clinic	1,052,591	1,075,541
Humane Law Enforcement	<u>332,640</u>	<u>299,539</u>
 Total Program Services	 <u>\$ 4,474,872</u>	 <u>\$ 4,313,730</u>

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

SPCA of Westchester, Inc.
Statements of Activities
For the Year Ended December 31, 2025 and 2024

NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>2025</u>	<u>2024</u>
Supporting Services		
Management and General	\$ 123,275	\$ 108,535
Fundraising	<u>354,498</u>	<u>361,079</u>
Total Supporting Services	<u>477,773</u>	<u>469,614</u>
Total Expenses	<u>4,952,645</u>	<u>4,783,344</u>
Change in Net Assets Without Donor Restrictions	2,373,907	2,062,707
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	49,967	54,000
Net Assets Released From Restrictions	<u>(50,000)</u>	<u>(53,500)</u>
Change in Net Assets With Donor Restrictions	<u>(33)</u>	<u>500</u>
Total Change in Net Assets	2,373,874	2,063,207
Net Assets, Beginning of Year	<u>21,927,690</u>	<u>19,864,483</u>
Net Assets, End of Year	<u><u>\$ 24,301,564</u></u>	<u><u>\$ 21,927,690</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, 2025

	Program Services					Supporting Services		
	Animal Rescue Center	Outreach and Education	Cody's Clinic	Humane Law Enforcement	Total Program Services	Management and General	Fund-Raising	Total
PERSONNEL SERVICES								
Salaries	\$ 1,476,841	\$ 117,694	\$ 443,176	\$ 228,341	\$ 2,266,052	\$ 81,837	\$ 155,820	\$ 2,503,709
Fringe Benefits	222,785	3,230	73,372	11,314	310,701	3,712	6,699	321,112
Payroll Taxes	151,774	4,438	42,409	14,655	213,276	8,486	6,364	228,126
Total Personnel Services and Related Expenses	1,851,400	125,362	558,957	254,310	2,790,029	94,035	168,883	3,052,947
OTHER THAN PERSONNEL SERVICES								
Rescue and Relocation	113,990	-	-	-	113,990	-	-	113,990
Veterinary Fees and Supplies	239,763	-	151,804	-	391,567	-	-	391,567
Emergency Animal Care	64,942	-	-	1,356	66,298	-	-	66,298
Animal and Other Supplies	71,288	728	29,854	718	102,588	434	1,517	104,539
Professional Fees	54,400	2,464	32,598	3,369	92,831	7,653	3,860	104,344
Advertising and Marketing	29,828	5,501	10,408	3,971	49,708	-	1,664	51,372
Direct Mail	-	-	-	-	-	-	79,490	79,490
Adoption/Special Events	-	7,344	-	-	7,344	-	59,386	66,730
Printing and Publication	-	-	-	-	-	-	10,200	10,200
Utilities	92,861	8,005	45,553	5,050	151,469	1,255	-	152,724
Outside Services	4,670	17	3,803	28	8,518	11	-	8,529
Repairs and Maintenance	50,185	679	31,029	3,304	85,197	453	291	85,941
Telephone	6,400	-	6,130	11,958	24,488	175	175	24,838
Postage	4,898	-	3,393	-	8,291	-	1,087	9,378
Insurance	47,179	3,888	25,950	26,915	103,932	9,771	348	114,051
Automobile	13,028	249	-	3,174	16,451	-	-	16,451
Credit Card and Other Fees	18,930	2,504	14,830	-	36,264	-	25,877	62,141
Contributed Supplies	14,694	-	14,694	-	29,388	-	-	29,388
Other Program Related Expenses	17,064	2,894	22,579	450	42,987	2,273	1,720	46,980
Total Other Than Personnel Services	844,120	34,273	392,625	60,293	1,331,311	22,025	185,615	1,538,951
Total Expense Before Depreciation	2,695,520	159,635	951,582	314,603	4,121,340	116,060	354,498	4,591,898
Depreciation Expense	227,271	7,215	101,009	18,037	353,532	7,215	-	360,747
TOTAL	\$ 2,922,791	\$ 166,850	\$ 1,052,591	\$ 332,640	\$ 4,474,872	\$ 123,275	\$ 354,498	\$ 4,952,645

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

SPCA of Westchester, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2024

	Program Services					Supporting Services		
	Animal Rescue Center	Outreach and Education	Cody's Clinic	Humane Law Enforcement	Total Program Services	Management and General	Fund-Raising	Total
PERSONNEL SERVICES								
Salaries	\$ 1,417,861	\$ 124,152	\$ 456,106	\$ 200,068	\$ 2,198,187	\$ 70,278	\$ 138,620	\$ 2,407,085
Fringe Benefits	199,535	1,890	65,532	10,662	277,619	2,626	7,281	287,526
Payroll Taxes	126,737	4,022	40,609	14,077	185,445	8,044	6,266	199,755
Total Personnel Services and Related Expenses	1,744,133	130,064	562,247	224,807	2,661,251	80,948	152,167	2,894,366
OTHER THAN PERSONNEL SERVICES								
Rescue and Relocation	137,170	-	-	-	137,170	-	-	137,170
Veterinary Fees and Supplies	231,117	-	180,557	-	411,674	-	-	411,674
Emergency Animal Care	11,293	-	-	-	11,293	-	-	11,293
Animal and Other Supplies	68,583	1,608	24,141	1,489	95,821	40	1,178	97,039
Professional Fees	34,215	1,623	23,666	2,730	62,234	7,375	3,015	72,624
Advertising and Marketing	22,581	3,239	11,887	3,451	41,158	-	1,223	42,381
Direct Mail	-	-	-	-	-	-	80,566	80,566
Adoption/Special Events	-	12,625	-	-	12,625	-	81,442	94,067
Printing and Publication	-	-	-	-	-	-	10,200	10,200
Utilities	90,805	6,962	48,414	5,226	151,407	650	55	152,112
Outside Services	6,567	-	4,562	-	11,129	-	-	11,129
Repairs and Maintenance	59,818	578	32,553	1,724	94,673	385	437	95,495
Telephone	5,254	-	6,078	11,879	23,211	258	708	24,177
Postage	4,918	-	4,421	-	9,339	-	1,639	10,978
Insurance	41,600	4,654	21,869	23,642	91,765	7,321	655	99,741
Automobile	12,405	544	-	3,449	16,398	-	-	16,398
Credit Card and Other Fees	16,920	1,737	13,149	-	31,806	-	21,488	53,294
Contributed Supplies	34,088	1,082	15,150	2,705	53,025	1,083	-	54,108
Other Program Related Expenses	24,640	6,620	31,558	1,421	64,239	3,669	6,306	74,214
Total Other Than Personnel Services	801,974	41,272	418,005	57,716	1,318,967	20,781	208,912	1,548,660
Total Expense Before Depreciation	2,546,107	171,336	980,252	282,523	3,980,218	101,729	361,079	4,443,026
Depreciation Expense	214,401	6,806	95,289	17,016	333,512	6,806	-	340,318
TOTAL	\$ 2,760,508	\$ 178,142	\$ 1,075,541	\$ 299,539	\$ 4,313,730	\$ 108,535	\$ 361,079	\$ 4,783,344

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

SPCA of Westchester, Inc.
Statements of Cash Flows
For the Year Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	<u>\$ 2,373,874</u>	<u>\$ 2,063,207</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation Expense	360,747	340,318
Unrealized (Gain) Loss on Sale of Investments	(1,015,051)	514,087
Changes in Assets and Liabilities:		
(Increase)/Decrease in Accounts and Legacies Receivable	(66,825)	24,978
(Increase)/Decrease in Pledges Receivables	(1,390)	3,571
(Increase)/Decrease in Prepaid Expenses	2,329	2,023
Increase/(Decrease) in Accounts Payable and Accrued Expenses	<u>11,648</u>	<u>(23,673)</u>
TOTAL ADJUSTMENTS	<u>(708,542)</u>	<u>861,304</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,665,332</u>	<u>2,924,511</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(118,574)	(214,435)
Purchase of Investments	(5,322,755)	(10,730,487)
Proceeds from Sales of Investments	<u>3,709,752</u>	<u>8,323,780</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,731,577)</u>	<u>(2,621,142)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(66,245)	303,369
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,383,454</u>	<u>4,080,085</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 4,317,209</u></u>	<u><u>\$ 4,383,454</u></u>

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

SPCA of Westchester, Inc.
Notes to the Financial Statements
December 31, 2025 and 2024

NOTE 1: NATURE OF ORGANIZATION

SPCA of Westchester, Inc. ("the Organization") is a no-kill, 501(c)3 not-for-profit animal welfare organization, whose mission is to lead in providing life changing care for animals through rescue and rehabilitation, justice, community education, and successful and lasting adoptions.

The Organization operates an animal rescue center that shelters homeless dogs and cats and contracts with local municipalities to reunite lost pets with their owners or place them for adoption; a low-cost veterinary clinic providing spay/neuter surgeries, wellness care, vaccinations, and disease testing; a New York State-authorized humane law enforcement unit that investigates animal cruelty cases involving companion, farm, and exotic animals throughout Westchester County; a volunteer program that provides enrichment and care for shelter animals; and a humane education program that promotes kindness, empathy, and responsible pet ownership among children.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

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.

Earnings related to restricted net assets will be included in net assets without donor restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with initial maturities of 12 months or less to be cash equivalents. Cash held in investments is included in cash and cash equivalents.

SPCA of Westchester, Inc.
Notes to the Financial Statements
December 31, 2025 and 2024

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2025, the Organization is no longer subject to U.S. Federal income tax examinations by tax authorities for the years ended prior to December 31, 2021. The tax returns for the years ended December 31, 2022 through December 31, 2024 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.

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 - 15-40 years; Equipment - 5-10 years; Automobiles - 3-5 years.

Revenue Recognition and Receivables

The Organization recognizes revenue from grants, contracts and gifts in accordance with guidance under which the Organization evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization applies guidance under ASC 606. If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of return.

The Organization's significant sources of revenue are contributions, grants, and income from programs operated to promote the Organization's purpose. Contributions and grants received are recorded as without donor restrictions or with donor restrictions based on the nature of donor restrictions. Grants are recognized when the Organization incurs expenses related to the contract. Generally, the funds are not remitted until a voucher for the services provided or expenses incurred has been submitted for reimbursement. Funds received in advance of services provided or expenses incurred are recorded as deferred revenue.

Contributions are reported as with donor restrictions support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from donor restriction. Donor restricted contributions and grants whose restrictions are met within the same year as received are reflected as contributions and grants without donor restrictions.

SPCA of Westchester, Inc.
Notes to the Financial Statements
December 31, 2025 and 2024

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition and Receivables (continued)

The Organization considers receivables to be fully collectible based on management's review of individual accounts outstanding. If collection becomes doubtful, an allowance for doubtful accounts will be established when that determination is made by management. Unpaid balances remaining after the stated payment terms are considered past due. Recoveries of previously charged off accounts are recorded when received.

Pledges Receivable

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).

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.

Concentrations of Credit Risk

The Organization maintains its cash and cash equivalents at major financial institutions. The accounts are insured by the Federal Deposit Insurance Company (FDIC) up to a combined total of \$250,000 per institution. At December 31, 2025, the Organization had cash balances in excess of FDIC limits of approximately \$1,274,430. The Organization has not experienced any loss in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

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.

SPCA of Westchester, Inc.
Notes to the Financial Statements
December 31, 2025 and 2024

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Nonfinancial Assets

In September 2020, the Financial Accounting Standard Board ("FASB") issued an Accounting Standard Update ("ASU") 2020-07, Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The ASU amends guidance for not-for-profit entities that receive contributed nonfinancial assets. The update requires not-for-profits to present contributed nonfinancial assets as a separate line item in the statement of activities, and to disclose information regarding each type of contributed nonfinancial assets. The update is to be applied on a retrospective basis and is effective for annual reporting periods beginning after June 15, 2022. The Organization adopted this pronouncement during the year ended December 31, 2022.

Leases

Effective January 1, 2022, the Organization recognizes and measures its leases in accordance with FASB Accounting Standards Codification (ASC) Topic 842, Leases. The Organization is the lessee of equipment under an operating lease. Upon execution of a new contract, the Organization determined whether an arrangement is or contains a lease. Right-of-use assets represent the Organization's right to use leased asset over the term of the lease. Lease liabilities represent the Organization's contractual obligation to make lease payment over the lease term. Right-of-use assets and lease liabilities are measured, categorized, and recognized at lease commencement. The commencement date is when the Organization takes possession of the asset, or in the case of real estate leases, when the landlord makes the building available for use. Operating leases as lessee are included in the operating lease right-of-use assets and operating lease liabilities on the statement of financial position. Finance leases as lessee are included in the finance lease right-of-use and finance lease liabilities on the statement of financial position.

The Organization has elected not to recognize right-of-use assets and obligations for leases with an initial term of 12 months or less. To the extent a lease arrangement includes both lease and non- lease components, the components are combined as one component.

Operating and finance lease right-of-use assets and associated lease liabilities are recognized based on the present value of future minimum lease payment to be made over the expected lease term. The Organization uses the rate implicit in a lease if it is determinable. When the rate implicit in the lease is not determinable, the Organization uses the applicable U.S. treasury bill rate as of the commencement date to determine the present value of the lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Interest expense is recognized as a component of the lease payment for finance leases.

NOTE 3: PLEDGES RECEIVABLES

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%.

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NOTE 3: PLEDGES RECEIVABLES (continued)

Pledges receivable at December 31, are as follows:

	2025	2024
Due in less than one year	\$ 19,450	\$ 9,725
Due in one to five years	9,725	19,450
	29,175	29,175
Present value discount (5%)	(463)	(1,367)
Allowance for doubtful accounts	(973)	(1,459)
	<u>\$ 27,739</u>	<u>\$ 26,349</u>

NOTE 4: INVESTMENTS

Investments consist of the following:

	As of December 31, 2025		
	Fair Value	Cost	Hierarchy
U.S. Corporate, Government, and Agency Bonds and Notes	\$ 3,915,700	\$ 3,843,289	Level 1
Mutual Funds	7,517,892	6,583,374	Level 1
	<u>\$ 11,433,592</u>	<u>\$ 10,426,663</u>	

	As of December 31, 2024		
	Fair Value	Cost	Hierarchy
U.S. Equity Securities	\$ 18,026	\$ 13,296	Level 1
U.S. Corporate, Government, and Agency Bonds and Notes	2,606,971	2,663,521	Level 1
Mutual Funds	6,180,541	6,196,597	Level 1
	<u>\$ 8,805,538</u>	<u>\$ 8,873,414</u>	

A summary of the return on investments held in securities during the calendar years 2025 and 2024 are as follows:

	2025	2024
Interest and Dividends	\$ 466,109	\$ 548,914
Realized Gain (Loss)	42,221	503,752
Unrealized Gain (Loss)	1,015,051	(514,087)
Investment Fees	(25,841)	(18,934)
	<u>\$ 1,497,540</u>	<u>\$ 519,645</u>

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NOTE 5: LEASES

As a result of adopting ASU 2016-02, Leases (Topic 842) on January 1, 2022, using the modified retrospective transition method, the Organization now recognizes right-of-use (“ROU”) assets and lease liabilities for their operating leases. These new leases requirements were applied to those leasing arrangements with terms of more than twelve months since January 1, 2022, the ASC 842 adoption date.

Assets and liabilities balances related to operating leases on the statement of financial position as of December 31, 2025, are as follows:

<u>Classification on the Statement of Financial Position</u>		<u>Assets</u>	<u>Liabilities</u>
Operating Leases			
Operating lease right-of-use		\$ 11,718	
Operating lease liability	current		\$ 4,105
	long-term		7,613
		<u>\$ 11,718</u>	<u>\$ 11,718</u>

The Organization leases equipment from CIT Technology Financial Services and Pitney Bowes Global Financial Services. The current leases expire on December 27, 2027 and July 10, 2029, respectively. The Organization does not have finance leases as of the year ended December 31, 2025.

Average lease terms and discount rates as of December 31, 2025, are as follows:

Weighted average remaining lease term (years)	
Operating leases	3.5
Weighted average discount rate:	
Operating leases	4.286%

The following maturity analysis presents expected undiscounted cash outflows under operating leases as of December 31, 2025.

<u>Fiscal Year End</u>	<u>Operating Leases</u>
2026	\$ 4,105
2027	4,105
2028	3,072
2029	<u>1,536</u>
Total undiscounted cash flows	12,818
Less: present value discount	<u>(1,100)</u>
Total Lease Liabilities	<u>\$ 11,718</u>

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NOTE 6: 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 \$24,824 and \$7,438 for the years ended December 31, 2025 and 2024, 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. Total employee contributions are \$143,050 and \$161,134 for the years ended December 31, 2025 and 2024, respectively.

NOTE 7: NET ASSETS - WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes: Janet Greenspan Memorial Fund for \$16,350, Mend-a-Friend Program for \$47,359, and Critter Credit for \$6,608.

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 near term 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 6 months operating expenses. During the years ended December 31, 2025 and 2024, 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, 2025: cash and cash equivalents of \$4,317,209, receivables of \$249,035 and investments of \$11,433,592.

NOTE 9: EFFECT OF CURRENT ECONOMIC CONDITIONS ON CONTRIBUTIONS

The Organization depends heavily on contributions and grants for its revenue. The ability of the Organization's contributors and grantors to continue giving amounts comparable with prior years may be dependent upon current and future economic conditions and the continued deductibility for income tax purposes of contributions and grants to the Organization. While the Organization's board of directors believes the Organization has the resources to continue its programs, its ability to do so and the extent to which it continues may be dependent on the above factors.

NOTE 10: CONTRIBUTED NONFINANCIAL ASSETS

The Organization received contributed nonfinancial assets during year ended December 31, 2025, which were recognized as contribution revenue at their estimated fair value on the date of donation. Contributed nonfinancial assets consisted of pharmaceutical and medical supplies totaling \$29,388.

The Organization utilized the contributed nonfinancial assets in programs supporting animal rescue, shelter operations, veterinary care, adoption services, and community outreach. Unless otherwise noted, contributed nonfinancial assets did not contain donor-imposed restrictions.

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NOTE 10: CONTRIBUTED NONFINANCIAL ASSETS (continued)

Donated professional services are valued using prevailing rates charged by professionals for similar services in the local market. Donated animal food, pharmaceuticals, and supplies are valued based on estimated wholesale prices for comparable products. Donated use of facilities and equipment is valued based on market rental rates for similar assets.

The Organization did not monetize any significant contributed nonfinancial assets during the year. Instead, such assets were utilized directly in carrying out the Organization's mission of protecting and improving the welfare of animals.

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 7, 2026, for these financial statements.