

**SPCA of Westchester, Inc.**  
**Financial Statements**  
**and**  
**Independent Auditors' Report**  
**December 31, 2022 and 2021**

**SPCA of Westchester, Inc.**

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## Independent Auditors' Report

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

### 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, 2022 and 2021, 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, 2022 and 2021, 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.



New City, New York

October 17, 2023

SPCA of Westchester, Inc.  
Statements of Financial Position  
December 31, 2022 and 2021

ASSETS	2022	2021
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 4,397,625	\$ 3,869,427
Accounts and Legacies Receivable	62,036	6,340
Pledges Receivables, net (Note 3)	171,089	503,077
Investments in Marketable Securities (Note 4)	3,472,176	3,066,213
Other Receivables	100,459	-
TOTAL CURRENT ASSETS	8,203,385	7,445,057
<b>FIXED ASSETS</b>		
Land and Improvements	40,400	40,400
Building and Improvements	9,122,953	9,104,618
Office Equipment	188,933	179,716
Automobiles	112,094	112,094
	9,464,380	9,436,828
Less: Accumulated Depreciation	(578,797)	(273,176)
TOTAL FIXED ASSETS	8,885,583	9,163,652
TOTAL ASSETS	\$ 17,088,968	\$ 16,608,709
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 171,803	\$ 102,585
TOTAL CURRENT LIABILITIES	171,803	102,585
TOTAL LIABILITIES	171,803	102,585
<b>NET ASSETS</b>		
Without Donor Restrictions	16,827,692	16,491,564
With Donor Restrictions (Note 6)	89,473	14,560
TOTAL NET ASSETS	16,917,165	16,506,124
TOTAL LIABILITIES AND NET ASSETS	\$ 17,088,968	\$ 16,608,709

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

SPCA of Westchester, Inc.  
Statements of Activities  
For the Year Ended December 31, 2022 and 2021

NET ASSETS WITHOUT DONOR RESTRICTIONS	2022	2021
PUBLIC SUPPORT AND REVENUE:		
Public Support:		
Contributions	\$ 2,185,547	\$ 2,302,696
Legacies	340,479	1,239,777
PPP Loan Forgiveness	-	180,840
Special Events (Integral and Ongoing)		
Contributions	698,895	-
Special Events Revenue	60,250	-
Cost of Direct Benefits to Donors	(45,807)	-
Net Fundraising Revenue	713,338	-
Total Public Support	3,239,364	3,723,313
Other Revenues		
Program Service Fees	660,582	417,950
Adoption Fees	451,629	277,313
Investment (Loss) Income, Net of Fees (Note 4)	(162,247)	45,557
Loss on Disposal of Fixed Assets	-	(204,083)
Miscellaneous Income	13,750	-
Total Other Revenue	963,714	536,737
Net Assets Released From Restrictions	132,212	7,104,360
Total Public Support and Other Revenue Without Donor Restrictions	4,335,290	11,364,410
EXPENSES		
Program Services		
Animal Rescue Center	2,472,190	1,674,448
Outreach and Education	58,483	27,428
Cody's Clinic	719,767	512,880
Humane Law Enforcement	271,869	334,765
Total Program Services	\$ 3,522,309	\$ 2,549,521

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

SPCA of Westchester, Inc.  
 Statements of Activities  
 For the Year Ended December 31, 2022 and 2021

NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>2022</u>	<u>2021</u>
Supporting Services		
Management and General	\$ 117,112	\$ 61,386
Fundraising	359,828	234,839
Capital Campaign	<u>-</u>	<u>71,372</u>
Total Supporting Services	<u>476,940</u>	<u>367,597</u>
Total Expenses	<u>3,999,249</u>	<u>2,917,118</u>
Change in Net Assets Without Donor Restrictions	336,041	8,447,292
 NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	207,212	930,767
Pledges	-	22,585
Net Assets Released From Restrictions	<u>(132,212)</u>	<u>(7,104,360)</u>
Change in Net Assets With Donor Restrictions	<u>75,000</u>	<u>(6,151,008)</u>
Total Change in Net Assets	411,041	2,296,284
Net Assets, Beginning of Year	<u>16,506,124</u>	<u>14,209,840</u>
Net Assets, End of Year	<u>\$ 16,917,165</u>	<u>\$ 16,506,124</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, 2022

	<u>Program Services</u>					<u>Supporting Services</u>		
	Animal Rescue Center	Outreach & Education	Cody's Clinic	Humane Law Enforcement	Total Program Services	Management & General	Fund- Raising	<b>Total</b>
<u>Personnel Services</u>								
Salaries	\$ 1,064,396	\$ 41,682	\$ 285,234	\$ 191,929	\$ 1,583,241	\$ 74,934	\$ 55,727	\$ 1,713,902
Fringe Benefits	105,038	573	35,457	1,444	142,512	761	678	143,951
Payroll Taxes	84,449	3,364	33,287	14,699	135,799	5,436	4,350	145,585
Total Personal Services and Related Expenses	<u>1,253,883</u>	<u>45,619</u>	<u>353,978</u>	<u>208,072</u>	<u>1,861,552</u>	<u>81,131</u>	<u>60,755</u>	<u>2,003,438</u>
<u>Other Than Personnel Services</u>								
Rescue and Relocation	376,336	-	-	-	376,336	-	-	376,336
Veterinary / Medical Supplies	182,986	-	103,287	-	286,273	-	-	286,273
Veterinarians	16,089	-	37,317	-	53,406	-	-	53,406
Emergency Animal Care	37,297	-	-	-	37,297	-	-	37,297
Animal and Other Supplies	91,314	670	10,320	1,243	103,547	2,195	2,003	107,745
Professional Fees	64,074	906	11,368	1,081	77,429	10,068	10,571	98,068
Advertising and Marketing	21,789	-	9,541	546	31,876	3,921	2,048	37,845
Direct Mail	-	-	-	-	-	-	84,247	84,247
Adoption/Special Events	-	1,400	-	-	1,400	-	168,147	169,547
Printing and Publication	-	-	-	-	-	-	10,200	10,200
Utilities	59,596	1,259	33,924	9,407	104,186	564	456	105,206
Outside Services	12,762	196	3,399	327	16,684	65	10,259	27,008
Repairs and Maintenance	70,371	722	18,037	1,204	90,334	241	241	90,816
Telephone	5,705	-	4,472	10,259	20,436	281	881	21,598
Postage	2,682	102	554	204	3,542	-	4,815	8,357
Insurance	34,320	265	16,632	22,318	73,535	5,642	265	79,442
Automobile	2,141	-	-	2,560	4,701	-	15	4,716
Credit Card and Other Fees	23,921	-	10,957	-	34,878	4,580	4,188	43,646
Other Program Related Expenses	23,523	1,135	20,422	405	45,485	2,215	737	48,437
Total Other Than Personnel Services	<u>1,024,906</u>	<u>6,655</u>	<u>280,230</u>	<u>49,554</u>	<u>1,361,345</u>	<u>29,772</u>	<u>299,073</u>	<u>1,690,190</u>
Total Expense Before Depreciation	2,278,789	52,274	634,208	257,626	3,222,897	110,903	359,828	3,693,628
Depreciation Expense	193,401	6,209	85,559	14,243	299,412	6,209	-	305,621
<b>TOTAL</b>	<u>\$ 2,472,190</u>	<u>\$ 58,483</u>	<u>\$ 719,767</u>	<u>\$ 271,869</u>	<u>\$ 3,522,309</u>	<u>\$ 117,112</u>	<u>\$ 359,828</u>	<u>\$ 3,999,249</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, 2021

	<u>Program Services</u>					<u>Supporting Services</u>			<u>Total</u>
	Animal Rescue Center	Outreach & Education	Cody's Clinic	Humane Law Enforcement	Total Program Services	Management & General	Fund- Raising	Capital Campaign	
<u>Personnel Services</u>									
Salaries	\$ 709,694	\$ 21,890	\$ 233,007	\$ 176,521	\$ 1,141,112	\$ 42,937	\$ 49,054	\$ -	\$ 1,233,103
Fringe Benefits	60,447	402	15,065	835	76,749	498	974	-	78,221
Payroll Taxes	65,932	1,708	18,397	12,977	99,014	3,391	3,728	-	106,133
Total Personnel Services and Related Expenses	836,073	24,000	266,469	190,333	1,316,875	46,826	53,756	-	1,417,457
<u>Other Than Personnel Services</u>									
Rescue and Relocation	383,089	-	-	-	383,089	-	-	-	383,089
Veterinary / Medical Supplies	117,904	-	77,949	-	195,853	-	-	-	195,853
Veterinarians	12,707	-	24,638	-	37,345	-	-	-	37,345
Emergency Animal Care	17,485	-	-	-	17,485	-	-	-	17,485
Animal and Other Supplies	45,450	40	5,327	687	51,504	726	1,581	75	53,886
Professional Fees	28,122	869	-	1,050	30,041	8,409	8,833	69,198	116,481
Advertising and Marketing	14,432	290	2,315	-	17,037	-	16,046	-	33,083
Direct Mail	-	-	-	-	-	-	79,828	-	79,828
Adoption/Special Events	-	-	-	-	-	-	6,570	-	6,570
Printing and Publication	-	-	-	-	-	-	14,200	-	14,200
Utilities	24,974	525	10,000	906	36,405	181	181	-	36,767
Outside Services	24,423	336	9,025	635	34,419	112	32,899	270	67,700
Occupancy Costs	53,962	-	23,127	-	77,089	-	-	-	77,089
Repairs and Maintenance	35,196	265	13,167	472	49,100	88	1,230	-	50,418
Telephone	6,443	-	3,565	8,928	18,936	101	702	-	19,739
Postage	2,704	-	579	255	3,538	-	3,426	55	7,019
Insurance	27,996	-	11,453	21,997	61,446	3,013	642	-	65,101
Automobile	2,872	-	-	3,954	6,826	-	15	-	6,841
Credit Card and Other Fees	13,453	-	6,979	-	20,432	-	13,020	1,774	35,226
Other Program Related Expenses	24,198	1,103	16,790	540	42,631	1,930	1,910	-	46,471
Total Other Than Personnel Services	835,410	3,428	204,914	39,424	1,083,176	14,560	181,083	71,372	1,350,191
Total Expense Before Depreciation	1,671,483	27,428	471,383	229,757	2,400,051	61,386	234,839	71,372	2,767,648
Depreciation Expense	2,965	-	41,497	105,008	149,470	-	-	-	149,470
<b>TOTAL</b>	<b>\$ 1,674,448</b>	<b>\$ 27,428</b>	<b>\$ 512,880</b>	<b>\$ 334,765</b>	<b>\$ 2,549,521</b>	<b>\$ 61,386</b>	<b>\$ 234,839</b>	<b>\$ 71,372</b>	<b>\$ 2,917,118</b>

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

SPCA of Westchester, Inc.  
 Statements of Cash Flows  
 For the Year Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 411,041	\$ 2,296,284
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation Expense	305,621	149,470
Loss on Disposal of Fixed Assets	-	204,083
Net Realized and Unrealized Loss on Sale of Investments	236,246	24,984
Changes in Assets and Liabilities:		
(Increase)/Decrease in Accounts and Legacies Receivable	(55,696)	(1,994)
(Increase)/Decrease in Other Receivables	(100,459)	-
(Increase)/Decrease in Pledges Receivables	331,988	283,920
(Increase)/Decrease in Security Deposits	-	10,000
Increase/(Decrease) in Accounts Payable and Accrued Expenses	69,218	53,400
TOTAL ADJUSTMENTS	786,918	723,863
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,197,959	3,020,147
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(27,552)	(6,015,798)
Purchase of Investments	(5,034,192)	(1,630,623)
Proceeds from Sales of Investments	4,391,983	1,711,155
NET CASH USED IN INVESTING ACTIVITIES	(669,761)	(5,935,266)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of Loan Payable	-	(180,840)
NET CASH USED IN FINANCING ACTIVITIES	-	(180,840)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	528,198	(3,095,959)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,869,427	6,965,386
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 4,397,625	\$ 3,869,427

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

SPCA of Westchester, Inc.  
Notes to the Financial Statements  
December 31, 2022 and 2021

NOTE 1: NATURE OF ORGANIZATION

SPCA of Westchester, Inc. ("the Organization") is a no-kill, 501(c)3 not-for-profit animal welfare organization dedicated to saving homeless, abused and abandoned animals and to protecting animals from cruelty and neglect through education and enforcement of humane laws.

The Organization operates an animal rescue center 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, wellness examinations, vaccinations and testing for diseases in an effort to help keep companion animals healthy; a pet therapy visitation program to healthcare facilities, schools, and group homes; a Humane Law Enforcement Unit 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; and a volunteer program dedicated to providing enrichment and care for dogs and cats awaiting adoption.

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 three 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, 2022 and 2021

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, 2022, the Organization is no longer subject to U.S. Federal income tax examinations by tax authorities for the years ended prior to December 31, 2018. The tax returns for the years ended December 31, 2019 through December 31, 2021 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.

*Contributed Services and Supplies*

Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) required specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provide various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria are not met. Contributed supplies are recognized at fair market value when received. During calendar years 2022 and 2021, no contributed services and supplies have been recognized and recorded.

*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.

SPCA of Westchester, Inc.  
Notes to the Financial Statements  
December 31, 2022 and 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Revenue Recognition and Receivables (continued)*

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.

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 two 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, 2022, the Organization had cash balances in excess of FDIC limits of approximately \$1,994,204. 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, 2022 and 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Newly Adopted Accounting Pronouncements*

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. The adoption of this accounting standard did not have an impact on the Organization's financial position or changes in its net assets.

*Recent Accounting Pronouncement*

In February 2016, the FASB issued Accounting Standard Update ("ASU") 2016-02, Leases (Topic 842) which amends existing lease guidance. The update requires lessees to recognize a right-of-use asset and related liability for many operating leases currently off-balance sheet under U.S. GAAP. Also, the FASB has issued amendments to the update with practical expedients related to land easements and lessor accounting. The Organization adopted this pronouncement during the year ended December 31, 2022. The adoption of this accounting standard did not have an impact on the Organization's financial position or changes in its net assets.

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%.

Pledges receivable at December 31, are as follows:

	<u>2022</u>	<u>2021</u>
Due in less than one year	\$ 145,842	\$ 499,801
Due in one to five years	<u>38,900</u>	<u>113,319</u>
	184,742	613,120
Present value discount (5%)	(4,416)	(14,043)
Allowance for doubtful accounts	<u>(9,237)</u>	<u>(96,000)</u>
	<u>\$ 171,089</u>	<u>\$ 503,077</u>

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NOTE 4: INVESTMENTS

Investments consist of the following:

	<u>As of December 31, 2022</u>		<u>Hierarchy</u>
	Fair		
	<u>Value</u>	<u>Cost</u>	
Certificates of Deposits	\$ 197,670	\$ 199,924	Level 1
U.S. Equity Securities	376,570	285,546	Level 1
U.S. Corporate Bonds and Notes	1,938,188	2,004,924	Level 1
U.S. Government and Agency Bonds and Notes	959,748	976,809	Level 1
	<u>\$ 3,472,176</u>	<u>\$ 3,467,203</u>	

	<u>As of December 31, 2021</u>		<u>Hierarchy</u>
	Fair		
	<u>Value</u>	<u>Cost</u>	
Certificates of Deposits	\$ 438,289	\$ 422,604	Level 1
U.S. Equity Securities	402,327	219,301	Level 1
U.S. Corporate Bonds and Notes	1,822,868	1,816,338	Level 1
Mutual Funds	99,534	103,158	Level 1
U.S. Government and Agency Bonds and Notes	303,195	304,919	Level 1
	<u>\$ 3,066,213</u>	<u>\$ 2,866,320</u>	

A summary of the return on investments held in securities during the calendar years 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Interest and Dividends	\$ 87,421	\$ 81,277
Realized Gain (Loss)	131,236	232,609
Unrealized Gain (Loss)	(367,482)	(257,593)
Investment Fees	(13,422)	(10,736)
	<u>\$ (162,247)</u>	<u>\$ 45,557</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 \$9,551 and \$6,791 for the years ended December 31, 2022 and 2021, 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 \$42,950 and \$31,134 for the years ended December 31, 2022 and 2021, respectively.

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NOTE 6: NET ASSETS - WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes: Janet Greenspan Memorial Fund for \$14,473 and Friends of Feral Program for \$75,000 .

NOTE 7: 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 90 days operating expenses. During the years ended December 31, 2022 and 2021, 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, 2022: cash and cash equivalents of \$4,397,625, receivables of \$62,036 and investments of \$3,472,175.

NOTE 8: CAPITAL CAMPAIGN

In 2017, the SPCA of Westchester, Inc. undertook a study to assess whether it would be able to launch a capital campaign to build a much needed new and modern animal rescue center. 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 Organization signed an agreement with BBL Construction Services on December 20, 2017 and on February 20, 2020, the Organization executed a consent resolution and approved the Guaranteed Maximum Price of \$8,808,879.

The groundbreaking ceremony was done on September 26, 2020 and construction was completed in July of 2021. The Town of Ossining Building Department issued a Certificate of Occupancy on July 21, 2021.

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: 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 October 17, 2023, for these financial statements.