

**THE PENNSYLVANIA SOCIETY FOR
THE PREVENTION OF CRUELTY TO ANIMALS AND SUBSIDIARY**
Consolidated Financial Statements
December 31, 2023
With Independent Auditor's Report

The Pennsylvania Society for the Prevention of Cruelty to Animals and Subsidiary
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December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Pennsylvania Society for the Prevention of Cruelty to Animals and Subsidiary:

Opinion

We have audited the accompanying consolidated financial statements of The Pennsylvania Society for the Prevention of Cruelty to Animals and Subsidiary, (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2023 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Pennsylvania Society for the Prevention of Cruelty to Animals and Subsidiary as of December 31, 2023 and the changes in their net assets and their cash flows for the year then ended in accordance with generally accepted accounting principles in the United States of America.

Basis for Opinion

We conducted our audit in accordance with generally accepted auditing standards in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are required to be independent of The Pennsylvania Society for the Prevention of Cruelty to Animals and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Pennsylvania Society for the Prevention of Cruelty to Animals and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 The Pennsylvania Society for the Prevention of Cruelty to Animals and Subsidiary' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Pennsylvania Society for the Prevention of Cruelty to Animals and Subsidiary' 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.

Report on Summarized Comparative Information

The consolidated financial statements of The Pennsylvania Society for the Prevention of Cruelty to Animals and Subsidiary as of and for the year ended December 31, 2022, were audited by BBD, LLP, who joined with WithumSmith+Brown, PC on April 1, 2024, and expressed an unmodified opinion on those statements dated January 18, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The program activities invoice summary and schedule of adjustments to program activities invoice summary on page 20-23, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in blue ink that reads "WithumSmith+Brown, PC".

February 25, 2025

The Pennsylvania Society for the Prevention of Cruelty to Animals and Subsidiary
Consolidated Statement of Financial Position
December 31, 2023 With Comparative Totals for 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,224,371	\$ 2,435,783
Accounts receivable, net	81,999	54,414
Grants receivable and promises to give	412,641	490,702
Inventory	79,023	96,586
Prepaid expenses and other assets	196,323	111,247
Total current assets	<u>1,994,357</u>	<u>3,188,732</u>
Investments	<u>7,321,983</u>	<u>4,801,478</u>
Property and equipment, net	<u>8,825,985</u>	<u>9,210,774</u>
Other assets		
Right-to-use asset	134,896	189,260
Beneficial interests in perpetual trusts held by third parties	13,168,224	12,157,576
Total other assets	<u>13,303,120</u>	<u>12,346,836</u>
Total assets	<u>\$ 31,445,445</u>	<u>\$ 29,547,820</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 836,140	\$ 776,633
Postretirement health benefits obligation	13,267	13,215
Lease liability	54,594	64,241
Economic Injury Disaster Loan	7,528	7,528
Total current liabilities	<u>911,529</u>	<u>861,617</u>
Long-term liabilities		
Postretirement health benefits obligation	129,732	196,625
Lease liability, net of current portion	80,302	125,019
Economic Injury Disaster Loan	274,030	281,560
Total long-term liabilities	<u>484,064</u>	<u>603,204</u>
Total liabilities	<u>1,395,593</u>	<u>1,464,821</u>
Net assets		
Without donor restrictions	15,207,065	14,410,482
With donor restrictions	14,842,787	13,672,517
Total net assets	<u>30,049,852</u>	<u>28,082,999</u>
Total liabilities and net assets	<u>\$ 31,445,445</u>	<u>\$ 29,547,820</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

The Pennsylvania Society for the Prevention of Cruelty to Animals and Subsidiary
Consolidated Statement of Activities
Year Ended December 31, 2023 With Comparative Total for 2022

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
Revenue and support				
Program revenue	\$ 3,002,328	\$ -	\$ 3,002,328	\$ 3,023,497
Municipal contract stray revenue	35,125	-	35,125	32,850
Contributions	2,942,462	11,456	2,953,918	3,430,524
Contributions of non-financial assets	595,871	-	595,871	478,395
Bequests	3,250,067	216,150	3,466,217	3,375,395
Trusts	568,482	13,682	582,164	644,258
Grants	496,692	300,000	796,692	669,523
Special events, net of expenses of \$330,458	1,291,602	-	1,291,602	1,451,983
Interest and dividends, net of investment fees	105,368	48,029	153,397	71,134
Net realized and unrealized loss on investments	233,738	38,004	271,742	(580,897)
Other revenue	1,747,208	-	1,747,208	32,628
Increase (decrease) in fair value of beneficial interests in perpetual trusts held by third parties	-	1,010,648	1,010,648	(3,156,089)
Net assets released from restrictions	467,699	(467,699)	-	-
Total revenue and support	14,736,642	1,170,270	15,906,912	9,473,201
Expenses				
Program services				
Humane law enforcement and litigation	1,421,009	-	1,421,009	1,346,140
Spay and neuter and public veterinary care	2,910,039	-	2,910,039	2,738,861
Adoptions, lifesaving and shelter hospital	5,854,122	-	5,854,122	5,342,293
Humane education	243,778	-	243,778	253,726
Rescue, rehabilitation and placement	1,788,927	-	1,788,927	951,446
Supporting services				
Management and general	351,923	-	351,923	736,739
Fundraising	1,370,261	-	1,370,261	1,503,654
Total expenses	13,940,059	-	13,940,059	12,872,859
Change in net assets	796,583	1,170,270	1,966,853	(3,399,658)
Net assets				
Beginning of year	14,410,482	13,672,517	28,082,999	31,482,657
End of year	\$ 15,207,065	\$ 14,842,787	\$ 30,049,852	\$ 28,082,999

The Notes to Consolidated Financial Statements are an integral part of this statement.

The Pennsylvania Society for the Prevention of Cruelty to Animals and Subsidiary
Consolidated Statement of Functional Expenses
Year Ended December 31, 2023 With Comparative Totals for 2022

	Humane Law Enforcement and Litigation	Spay and Neuter and Public Veterinary Care	Adoptions, Lifesaving and Shelter Hospital	Humane Education	Rescue, Rehabilitation and Placement	Total Program Expenses	Supporting Expenses			Totals	
							Management and General	Fundraising	Total Support Expenses	2023	2022
Employment expenses	\$ 1,027,190	\$ 1,872,318	\$ 3,663,102	\$ 172,867	\$ 1,158,268	\$ 7,893,745	\$ 150,253	\$ 772,884	\$ 923,137	\$ 8,816,882	\$ 8,281,780
Animal care expenses	20,954	553,277	650,887	30,049	184,558	1,439,725	-	-	-	1,439,725	1,335,343
Office and technology expenses	8,129	15,389	31,137	4,459	13,443	72,557	5,783	28,682	34,465	107,022	134,819
Utilities	26,122	80,198	193,705	4,387	47,452	351,864	10,752	56,404	67,156	419,020	427,904
Facilities and vehicle expenses	75,593	53,395	237,114	2,024	118,547	486,673	2,796	8,575	11,371	498,044	428,008
Professional services	198,790	127,128	212,472	19,151	82,975	640,516	138,315	133,100	271,415	911,931	692,811
Development and marketing expenses	-	-	-	-	-	-	-	306,596	306,596	306,596	258,464
Leased equipment	9,029	40,987	65,131	3,889	5,147	124,183	4,297	4,820	9,117	133,300	131,933
Bank, credit card and payroll fees	10,044	72,297	70,918	2,268	28,561	184,088	10,033	46,386	56,419	240,507	189,116
Bad debt expense	-	15,106	-	-	-	15,106	-	-	-	15,106	7,687
Travel, meals, entertainment and other	6,140	11,091	474,515	2,413	1,562	495,721	23,768	6,118	29,886	525,607	458,997
Depreciation	39,018	68,853	255,141	2,271	148,414	513,697	5,926	6,696	12,622	526,319	525,997
Total expenses	\$ 1,421,009	\$ 2,910,039	\$ 5,854,122	\$ 243,778	\$ 1,788,927	\$ 12,217,875	\$ 351,923	\$ 1,370,261	\$ 1,722,184	\$ 13,940,059	\$ 12,872,859

The Notes to Consolidated Financial Statements are an integral part of this statement.

The Pennsylvania Society for the Prevention of Cruelty to Animals and Subsidiary
Consolidated Statement of Cash Flows
Years Ended December 31, 2023 With Comparative Totals for 2022

	<u>2023</u>	<u>2022</u>
Operating activities		
Change in net assets	\$ 1,966,853	\$ (3,399,658)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	526,319	525,997
Bad debt expense	15,106	7,687
Right to use asset	54,364	51,205
Net realized and unrealized (gains) losses on investments	(271,742)	580,897
(Increase) decrease in fair value of beneficial interests in perpetual trusts held by third parties	(1,010,648)	3,156,089
Change in operating assets and liabilities		
Accounts receivable, net and other receivables	(42,691)	(360,323)
Grants receivable and promises to give	78,061	135,175
Inventory	17,563	(2,122)
Prepaid expenses and other assets	(85,076)	(63,440)
Accounts payable and accrued expenses	59,507	(147,874)
Lease liability	(54,364)	(51,205)
Postretirement health benefits obligation	(66,841)	20,605
Net cash provided by operating activities	<u>1,186,411</u>	<u>453,033</u>
Investing activities		
Acquisition of property and equipment	(141,540)	(162,450)
Purchase of investments	(3,298,966)	(356,697)
Proceeds from sale of investments	<u>1,050,213</u>	<u>196,495</u>
Net cash used in investing activities	<u>(2,390,293)</u>	<u>(322,652)</u>
Financing activities		
Payments on Economic Injury Disaster Loan	<u>(7,530)</u>	<u>(7,324)</u>
Net cash used in financing activities	<u>(7,530)</u>	<u>(7,324)</u>
Net change in cash and cash equivalents	(1,211,412)	123,057
Cash and cash equivalents		
Beginning of year	<u>2,435,783</u>	<u>2,312,726</u>
End of year	<u>\$ 1,224,371</u>	<u>\$ 2,435,783</u>
Supplemental disclosure of cash flow information		
Interest paid	<u>\$ 7,854</u>	<u>\$ 8,060</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

The Pennsylvania Society for the Prevention of Cruelty to Animals and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2023 With Comparative Totals for 2022

1. NATURE OF ACTIVITIES

The Pennsylvania Society for the Prevention of Cruelty to Animals and Subsidiary includes The Pennsylvania Society for the Prevention of Cruelty to Animals (the "PSPCA") and Main Line Rescue, Inc. d/b/a Main Line Animal Rescue ("MLAR"), collectively, the Organization.

The PSPCA, a nonprofit 501(c)(3) organization, was established in the Commonwealth of Pennsylvania in 1867. The PSPCA has the distinction of being the state's oldest, largest and most comprehensive animal welfare organization, and is the second oldest humane organization in the United States. The PSPCA conducts its operations at its headquarters located in North Philadelphia, at two regional locations – the Central PA Center at Danville (Montour County) and the Lancaster Center. The PSPCA operates under a "no-kill" philosophy and is dedicated to preventing animal cruelty, rescuing animals from cruelty and neglect, rehabilitating animals medically and behaviorally, placing rescued animals with new, loving families, reducing pet overpopulation through low-cost spay and neuter services, and improving the health and quality of life of all animals in the region. The core services provided by the PSPCA include:

- Humane Law Enforcement – to prevent animal cruelty and neglect by enforcing Pennsylvania's anti-cruelty laws;
- Humane Litigation – to oversee the prosecution of cruelty cases brought by the Humane Law Enforcement team;
- Humane Education – to prevent animal cruelty and to promote responsible pet ownership and animal advocacy by educating children and adults in the community about the humane treatment of animals;
- Adoptions, Foster and Rescue – to place formerly neglected, abused or unwanted animals in forever homes, which includes collaboration with other animal shelters;
- Behavior & Enrichment – to assess incoming animals, design individual enrichment and/or behavior modification plans, and offer classes to provide training and support to adopters and current pet owners to improve pet retention;
- Surgical Services – to offer affordable and accessible surgical services to the community, including spay-neuter, which helps reduce pet overpopulation;
- Public Veterinary Care – to provide low-cost wellness, preventative, geriatric and end-of-life pet care services to the community, including exams and treatments, vaccine clinics, micro-chipping and flea/tick prevention; and
- Shelter Hospital Care – to provide high quality, personalized and compassionate veterinary treatment and medical rehabilitation of sick and injured animals in the PSPCA's care, a significant volume of which enter the shelter through Humane Law Enforcement, as well as providing innovative forensic support to our Humane Law Enforcement Team.

Main Line Rescue, Inc. d/b/a Main Line Animal Rescue is a Pennsylvania nonprofit corporation, specializing in the rescue and placement of abused, unwanted and abandoned companion animals. PSPCA is the sole member of MLAR. MLAR never discriminates on the basis of health, age or breed. By involving and educating the community, MLAR works to raise the public's awareness of the plight of homeless animals as well as to realize the benefits of adopting an animal in need. The animals are examined, vaccinated, spayed or neutered and receive any and all medical treatment before they are placed in carefully screened homes.

The Organization's sources of revenue include fees for program services, grants, bequests and contributions from donors and trusts (including at special events). The Organization relies on donor support and does not receive funding from Federal, state or local government agencies. Additionally, the Organization has a strong network of volunteers that support its mission and help connect the Organization to its community.

The Pennsylvania Society for the Prevention of Cruelty to Animals and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2023 With Comparative Totals for 2022

The Board of Directors of the Organization has the responsibility to direct and carry out activities including, but not limited to, the selection of the Chief Executive Officer, approval of annual budgets and strategic plans, and oversight of the management of the Organization. The Board of Directors also has the authority to borrow money, purchase, sell or transfer property.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Generally accepted accounting principles in the United States of America ("GAAP") require a nonprofit organization to consolidate the financial statements of affiliated nonprofit organizations when it has (a) certain kinds of control and (b) other kinds of control coupled with an economic interest.

The accompanying consolidated financial statements include the accounts of Pennsylvania Society for the Prevention of Cruelty to Animals and Main Line Rescue, Inc. d/b/a Main Line Animal Rescue (collectively the "Organization"). Intercompany transactions and balances have been eliminated in consolidation.

The consolidated financial statements have been prepared on the accrual basis of accounting. As a result, revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to the following classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions.

Net assets with donor restrictions: Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of the Organization and/or the passage of time. When a restriction is satisfied, 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".

Also included in this category are net assets subject to donor-imposed restrictions that require the net assets be maintained indefinitely while permitting the Organization to expend the income generated in accordance with the provisions of the contribution.

Accounting Estimates

In preparing consolidated financial statements in conformity with GAAP, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Concentration of Credit Risk

The Organization maintains its cash balances in financial institutions with insurance provided by the Federal Deposit Insurance Corporation. At times, these accounts may exceed the federally insured limits. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Organization's financial condition, results of operations, and cash flows.

The Pennsylvania Society for the Prevention of Cruelty to Animals and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2023 With Comparative Totals for 2022

Grants and Promises to Give and Accounts Receivable

The Organization carries its grant receivables and promises to give at the invoice or award amount, less allowance for doubtful accounts. On a monthly basis, management evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on its assessment of uncollectible accounts receivable and the current economic environment. Management believes no allowance was necessary as of June 30, 2023 and 2022 and are fully collectible in 2024.

Accounts receivable represents amounts known to be collectible from sources for which services were rendered. The Organization provides an allowance for credit losses based on the reserve method using management's judgment considering historical information and the current economic environment and reasonable and supportable forecasts. All receivables are analyzed individually for collectability and an allowance is provided when a significant pattern of uncollectability has occurred. When all collection efforts have been exhausted, the accounts are written off against the related credit loss allowance.

Management has established an allowance for credit losses of \$167,489 and \$166,519 of December 31, 2023 and 2022, respectively. Allowance for credit losses were \$160,651 as of July 1, 2021.

Inventory

Inventory, consisting of veterinary supplies and pharmaceuticals, is valued at the lower of cost (average cost) or net realizable value.

Property and Equipment

Land owned by the Organization is stated at cost, if purchased. Property and equipment are capitalized and recorded at cost, if purchased. Depreciation is calculated using the straight-line method over the lower of estimated useful lives of the respective assets or lease term, if applicable. The Organization capitalizes assets purchased with a cost greater than \$2,500, as described in the Organization's capitalization policy. Maintenance and minor repairs are charged to expense when incurred. Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in the statement of activities. The Organization records contributed assets at their fair value as of the date of contribution.

The estimated useful lives for depreciation are:

<u>Description</u>	<u>Estimated Life (Years)</u>
Buildings and dog park	39-50
Building improvements	10-39
Furniture and equipment	5-10
Transportation equipment	4
Leasehold improvements	5

Investments

Investments are recorded in the statement of financial position at fair value, as determined based on quoted market prices. The net changes in fair value and the realized gains and losses on investments sold are reflected in the statement of activities as net realized and unrealized gains or losses on investments.

The Pennsylvania Society for the Prevention of Cruelty to Animals and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2023 With Comparative Totals for 2022

The Organization invests in a professional-managed portfolio that contains various types of securities (see Note 6). Such investments are exposed to market and credit risks. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in the near term would materially affect the investment balances and the amounts reported in the consolidated financial statements.

Beneficial Interest in Perpetual Trusts Held by Third Parties

Beneficial interest in perpetual trusts held by third parties represents the Organization's proportionate share of the fair value of assets contributed to several trusts from which the Organization has the irrevocable rights to receive income earned in perpetuity. Because the Organization does not have the right to receive the assets in these trusts, the original contribution and subsequent changes in fair value have been reported as net assets with donor restrictions. The Organization receives disbursements from the perpetual trusts, which are reported as trusts revenue and included in the change in net assets without donor restrictions unless use of the disbursement is limited by donor-imposed restrictions. The Organization multiplies its percentage of interest in each trust, as identified in the trust agreement, by the total value of each trust to determine the Organization's fair value interest. Additionally, from time to time the Organization will receive disbursements from other trusts where the Organization does not have a beneficial interest. These disbursements are also reported as trusts revenue and included in the change in net assets without donor restrictions unless use of the disbursements is limited by donor-imposed restrictions.

Fair Value Measurements of Assets and Liabilities

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. There were no level 2 valuations for 2023 and 2022.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect the Organization's own assumptions. Beneficial interest in perpetual trusts held by third parties is valued in the fair value hierarchy using Level 3 inputs. Increase (decrease) in the value of the beneficial interest during the years ended December 31, 2023 and 2022 was \$1,010,648 and \$(3,156,089), respectively. The balance of the beneficial interest in perpetual trusts held by third parties as of December 31, 2023 and 2022 was \$13,168,224 and \$12,157,576, respectively.

The Pennsylvania Society for the Prevention of Cruelty to Animals and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2023 With Comparative Totals for 2022

Post-Retirement Health Benefits Obligation

The PSPCA sponsors a noncontributory defined post-retirement medical benefit plan covering certain retired employees. Benefits are limited to certain defined amounts and are payable under terms negotiated with each beneficiary. The plan is not currently funded and is subject to modification at the PSPCA's discretion, subject to certain limitations.

The PSPCA follows the accounting standards for postretirement benefits other than pensions, which requires the employer to recognize the funded status of the plan or the difference between the fair value of plan assets and the postretirement benefit obligation on the statements of financial position. The PSPCA recognizes the change in postretirement benefit obligation of the unfunded plan in net assets without donor restrictions.

Revenue Recognition

Program revenues are recognized as revenue when the services are provided to the clients over the time of the service visit. Program revenue is made up of mainly sales of goods, adoption fees, medical procedures, medications, examination and other veterinary care. Performance obligations are determined based on the nature of the services provided. The Organization recognizes revenue for performance obligations satisfied over time based on actual charges incurred in relation to the total expected charges. Generally, performance obligations satisfied over time relate to animals receiving inpatient care. The Organization measures performance obligations from admission to the point when there are no further services required for the animal, which is generally the time of discharge. The Organization recognizes revenues for performance obligations satisfied at a point in time, which generally relate to animals receiving outpatient or same day services when: (1) the services are provided and (2) when it is believed the animal does not require additional services. Contract accounts receivable, net of allowances for credit losses, as of December 31, 2023 and 2022 were \$81,999 and \$54,414, respectively, and as of January 1, 2022 was \$12,650. There were no contract liabilities as of December 31, 2023, 2022 and July 1, 2021.

Contributions, bequests, trusts and grants received are recorded as net assets without donor restrictions or with donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted contributions, bequests, trusts, promises to give and grants whose restrictions are satisfied in the same period are reported as net assets without donor restrictions. Contributions, bequests, trusts and grants that are expected to be collected within one year are recorded at their net realizable value.

Unconditional contributions, bequests, trusts and grants are recognized as revenue when the related promise to give is received. Conditional contributions, bequests, trusts and grants – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Unless restricted by the donor as to time or purpose, bequests are reported as support without donor restrictions and are recognized as revenue in the period received. The Organization receives notification from various estates that the Organization may be a beneficiary of the final distribution of assets. Due to the uncertainty of these distributions and inability of management to estimate their value, they are considered conditional and are not included as revenue when notification is received.

The Organization receives distributions from various trusts held by third parties either through beneficial ownership interests (in whole or in part) in perpetual trusts or through discretion of individual trusts or estates. Unless restricted by the donor as to time or purpose, trust distributions are reported as support without donor restrictions and are recognized as revenue in the period received or distributed.

Other revenues include the Organizations claim for the Employee Retention Tax Credit ("ERTC") for the qualified wages from 2020 and 2021. In 2023, PSPCA determined it met the requirements for qualifying expenses under the ERTC program, accordingly the entire amount of \$1,678,686 was collected before December 31, 2023.

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The Organization holds special fundraising events throughout the year. The Organization records special events revenue when the event takes place. Any amounts received in advance are deferred until the date of the event.

In-kind Contributions and Donated Services and Nonmonetary Exchange Transactions

The Organization records donated services that create or enhance nonfinancial assets and that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Organization records the value of contributed goods when there is an objective basis available to measure their value. Contributions-in-kind are included as support in the accompanying statement of activities at their estimated values at the time received.

A substantial number of volunteers have donated time to the activities of the Organization. However, such contributed services do not meet the criteria for recognition of contributed services in accordance with generally accepted accounting principles and, accordingly, are not reflected in the accompanying consolidated financial statements.

Nonmonetary transactions are recorded based on the fair values of the services involved. Consequently, the amount recorded for these services received in a nonmonetary exchange is the fair value of the services provided (or the fair value any assets or services received if they are more clear).

The PSPCA receives an agreed fee per stray dog intake in connection with providing stray dog services to the contracted Lancaster County municipalities. In exchange for the PSPCA's services, the City of Lancaster allows the PSPCA to use the shelter and there is no charge for utilities. Management estimates the fair market value of the facility and related utilities based on current lease rates per square foot for warehouse properties in Lancaster County and the pro-rated actual utility costs as provided by the City of Lancaster. Legal services fair value are estimated using estimated per hour rate for similar services. Donated goods are estimated fair value was based on current market prices for similar goods.

Leases

The Company categorizes leases with contractual terms longer than twelve months as either operating or finance. Finance leases are generally those leases that allow us to substantially utilize or pay for the entire asset over its estimated life. All other leases are categorized as operating leases. Leases with contractual terms of 12 months or less are not recorded on the balance sheet. The Company had no finance leases during 2023 and 2022.

Lease liabilities are recognized at the present value of the fixed lease payments using the implicit rate when readily determinable. When the lease does not provide an implicit rate, The Organization uses a secured borrowing rate based on the information available at commencement date in determining the present value of lease payment. Right of use assets are recognized based on the initial present value of the fixed lease payments, plus any direct costs from executing the leases. Lease assets are tested for impairment in the same manner as long-lived assets used in operations.

Options to extend lease terms, terminate leases before the contractual expiration date, or purchase the leased assets, are evaluated for their likelihood of exercise. If it is reasonably certain that the option will be exercised, the option is considered in determining the classification and measurement of the lease.

Costs associated with operating lease assets are recognized on a straight-line basis within operating expenses over the term of the lease.

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Functional Allocation of Expenses

The costs of providing various program and supporting services have been presented on a functional basis in the statements of activities and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated. Significant expenses that are allocated include depreciation, interest, office and occupancy and supplies which are allocated on a square footage basis, as well as salaries and benefits which have been allocated based on estimates of time and effort.

Income Tax Status

The Internal Revenue Service has classified the PSPCA and MLAR as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("Code"); as an organization, contributions to which are deductible under Section 170(c) of the Code; and as an organization that is not a private foundation as defined in Section 509(a) of the Code. As a result, no provision or liability for income taxes is included in the accompanying consolidated financial statements.

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum threshold that a tax position is required to meet in order to be recognized in the consolidated financial statements. The Organization believes that it had no uncertain tax positions as defined in GAAP.

Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board issued an Accounting Standards Update ("ASU") amending the accounting for credit losses on financial instruments. This methodology replaced the incurred loss methodology with the expected credit losses using a wide range of reasonable and supportable information. The amendment affects loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposure, and other financial instruments recorded at amortized cost. The Organization adopted the new standard effective January 1, 2023, using the modified retrospective approach. The implementation of this ASU had no material impact on the consolidated financial statements.

Reclassification

Certain amounts have been reclassified in the 2022 consolidated financial statements to conform with the 2023 presentation.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of the statement of financial position date, which has been reduced by financial assets not available within one year.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,224,371	\$ 2,435,783
Accounts receivable, net and other receivables	81,999	54,414
Grants receivable and promises to give	<u>412,641</u>	<u>490,702</u>
Total financial assets	1,719,011	2,980,899
Less: Financial assets not available for general expenditures within one year		
Restricted by donors for specific purposes or periods	<u>(465,707)</u>	<u>(541,889)</u>
Total financial assets available within one year	<u>\$ 1,253,304</u>	<u>\$ 2,439,010</u>

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Liquidity Management

The Organization has a goal to maintain financial assets, which consist of cash, bequest receivable and cash equivalents held in the Organization's investment account on hand to meet 30 days of normal operating expenses, which are, on average, approximately \$1,100,000.

As part of its liquidity management, the PSPCA invests cash in excess of daily requirements in various investment funds held by the PSPCA's third party investment brokerage house, which include cash equivalents, treasury, government and corporate bonds and equities. These funds can be easily accessed by the PSPCA. As more fully described in Note 7, the PSPCA also has a line of credit agreement in the amount of \$950,000 with a limit for cash advances of \$750,000. The PSPCA did not have an outstanding balance as of December 31, 2023 and 2022 on the line of credit.

4. GRANTS RECEIVABLE AND PROMISES TO GIVE

Grants receivable and promises to give consist of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 412,641	\$ 490,702

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Land	\$ 828,536	\$ 828,536
Buildings, building improvements and dog park	13,242,504	13,087,826
Leasehold improvements	31,794	31,794
Furniture and equipment	2,665,450	2,636,389
Transportation equipment	817,820	857,191
Website	93,938	54,857
	17,680,042	17,496,593
Less: Accumulated depreciation	(8,854,057)	(8,285,819)
	<u>\$ 8,825,985</u>	<u>\$ 9,210,774</u>

Depreciation expense was \$526,318 and \$525,997 for the years ended December 31, 2023 and 2022, respectively.

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6. INVESTMENTS

Investments at December 31, 2023 and 2022 are comprised of the following:

	<u>2023</u>	<u>2022</u>
Money market	\$ 3,053,781	525,042
Certificates of deposit	150,000	150,000
Mutual funds - equities	309,009	193,334
Common stock	2,466,803	2,259,117
Fixed income		
U.S. Treasury bonds	88,194	137,495
Corporate bonds	951,621	1,130,251
Municipal bonds	103,907	99,594
Exchange-traded funds		
Fixed income	198,668	306,645
	<u>\$ 7,321,983</u>	<u>\$ 4,801,478</u>

All investments held as of December 31, 2023 and 2022 were measured at fair value on a recurring basis using Level 1 inputs, except for fixed income securities and certificates of deposit which were measured using Level 2 inputs.

7. LINE OF CREDIT

The PSPCA has a line of credit agreement with Republic Bank in the amount of \$950,000, of which up to \$750,000 can be utilized as a cash advance. This agreement has an expiration date of January 1, 2025. There were no outstanding borrowings under the line as of December 31, 2023 and 2022. The interest rate on borrowings under the line of credit was 3.25% as of December 31, 2023 and 2022, respectively. Interest expense related to the line of credit was \$-0- for each of the years ended December 31, 2023 and 2022, respectively.

The PSPCA has two letters of credit with Republic Bank in the amounts of \$50,000 and \$150,000, respectively. These agreements have an expiration date of January 1, 2025. Management and the bank verbally agreed to extend these agreements through the issuance date. There were no outstanding borrowings under the letters of credit as of December 31, 2022 and 2023. The interest rate on borrowings under the letters of credit was 4.5% as of December 31, 2023.

8. POST-RETIREMENT HEALTH BENEFITS OBLIGATION

The PSPCA provides lifetime health insurance coverage to four former employees in which the PSPCA pays 100% of the health insurance premiums. Premiums paid by the Organization was \$13,215 and \$13,362 for the years ended December 31, 2023 and 2022.

The PSPCA has recognized a liability by discounting the future payments of health insurance premiums by 6.2% at December 31, 2023 and 2022 over the remaining life expectancy for each former employee. The PSPCA has set aside no assets for this liability for the years ended December 31, 2023 and 2022.

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The following health benefit payments are expected to be paid:

2024	\$	13,267
2025		14,113
2026		15,014
2027		15,856
2028		16,373
Thereafter		<u>68,198</u>
	\$	<u>142,821</u>

9. LOAN PAYABLE- ECONOMIC INJURY DISASTER LOAN PROGRAM

In June 2020, the PSPCA and MLAR received a loan in the amount of \$150,000 from the Small Business Administration under the economic injury loan program. Pursuant to the terms of the agreement, monthly payments of principal and interest in the amount of \$641 began in June 2021 and are payable each month through May 2050. The loan bears interest at a rate of 2.75% per annum. The loan is secured by all the assets of PSPCA.

The loan payable matures as follows:

2024	\$	7,528
2025		7,954
2026		8,176
2027		8,402
2028		8,636
Thereafter		<u>240,862</u>
	\$	<u>281,558</u>

10. CONTRIBUTIONS OF NON-FINANCIAL ASSETS

The following is a summary of the contributions of non-financial assets received by the PSPCA during the years ended December 31, 2023 and 2022. The contributions of nonfinancial assets are valued and are reported at the estimated fair value in the financial statements based on current rates for similar legal services, space and utilities and goods. The contributions of non-financial assets have been recorded as revenue in the statements of activities and are also included as programs expenses in the statements of activities and functional expenses.

	<u>2023</u>	<u>2022</u>
Donated legal services	\$ 83,076	\$ 52,363
Donated space and utilities (Lancaster County)	54,898	54,898
Donated goods	<u>457,897</u>	<u>371,134</u>
	<u>\$ 595,871</u>	<u>\$ 478,395</u>

The Pennsylvania Society for the Prevention of Cruelty to Animals and Subsidiary
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11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes and periods:

	Balance December 31, 2022	Additions	Releases	Balance December 31, 2023
Subject to expenditure for specified purposes				
Program support in specific Pennsylvania counties	\$ 141,493	\$ 13,682	\$ -	\$ 155,175
Spay and neuter and public veterinary care support	34,493	-	(33,500)	993
Adoptions, lifesaving and shelter hospital support	287,144	211,000	(269,269)	228,875
Other program support	69,061	100,456	(98,551)	70,966
Restricted for use in future periods	9,698	-	-	9,698
	<u>541,889</u>	<u>325,138</u>	<u>(401,320)</u>	<u>465,707</u>
Net assets to be maintained indefinitely				
Endowment - General operations	973,052	302,183	(66,379)	1,208,856
Beneficial interests in perpetual trusts held by third parties	12,157,576	1,010,648	-	13,168,224
Total net assets to be maintained indefinite	<u>13,130,628</u>	<u>1,312,831</u>	<u>(66,379)</u>	<u>14,377,080</u>
	<u>\$ 13,672,517</u>	<u>\$ 1,637,969</u>	<u>\$ (467,699)</u>	<u>\$ 14,842,787</u>
	Balance December 31, 2021	Additions	Releases	Balance December 31, 2022
Subject to expenditure for specified purposes				
Land, buildings, vehicles and equipment				
Program support in specific Pennsylvania counties	\$ 123,903	\$ 17,590	\$ -	\$ 141,493
Spay and neuter and public veterinary care support	14,039	39,000	(18,546)	34,493
Adoptions, lifesaving and shelter hospital support	27,875	269,269	(10,000)	287,144
Other program support	233,628	-	(164,567)	69,061
Restricted for use in future periods	9,698	-	-	9,698
	<u>409,143</u>	<u>325,859</u>	<u>(193,113)</u>	<u>541,889</u>
Net assets to be maintained indefinitely				
Endowment - General operations	557,485	454,568	(39,001)	973,052
Beneficial interests in perpetual trusts held by third parties	15,313,665	(3,156,089)	-	12,157,576
Total net assets to be maintained indefinite	<u>15,871,150</u>	<u>(2,701,521)</u>	<u>(39,001)</u>	<u>13,130,628</u>
	<u>\$ 16,280,293</u>	<u>\$ (2,375,662)</u>	<u>\$ (232,114)</u>	<u>\$ 13,672,517</u>

The Pennsylvania Society for the Prevention of Cruelty to Animals and Subsidiary
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12. ENDOWMENT FUNDS

Endowment net assets are available to support the following purposes as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Endowments to be held in perpetuity		
General operations	\$ 1,047,999	\$ 813,567
Veterinary salaries	<u>160,857</u>	<u>159,485</u>
	<u>\$ 1,208,856</u>	<u>\$ 973,052</u>

The Commonwealth of Pennsylvania has not adopted Uniform Prudent management of Institutional Funds Act of 2006 ("UPMIFA"). Pennsylvania state law allows nonprofit organizations to make an annual election to appropriate for spending a selected percentage between 2% and 7% of the fair value of assets related to the endowment funds. In 2021, PSPCA adopted Pennsylvania state law as well as an investment policy seeking a total return for the assets held by the PSPCA. Upon adoption, total return is to be derived from interest, dividends and net capital appreciation (both realized and unrealized). The Board of Directors selected a percentage to be appropriated for spending that is consistent with the long-term preservation of the real value of assets. This percentage for the year ended December 31, 2023 was 7% of the three-year average market value of the assets.

The PSPCA's Board of Directors has interpreted Commonwealth of Pennsylvania law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets to be maintained indefinitely (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Changes in the invested endowment assets for the years ended December 31, 2023 and 2022 are as follows:

	<u>With Donor Restrictions in Perpetuity</u>
Endowment net assets, December 31, 2021	\$ 557,485
Interest and dividends, net of investment fees	9,373
Net realized and unrealized gains	(56,864)
Additions	502,059
Spending policy distribution	<u>(39,001)</u>
Endowment net assets, December 31, 2022	973,052
Interest and dividends, net of investment fees	48,029
Net realized and unrealized gains	38,004
Additions	216,150
Spending policy distribution	<u>(66,379)</u>
Endowment net assets, December 31, 2023	<u>\$ 1,208,856</u>

The Pennsylvania Society for the Prevention of Cruelty to Animals and Subsidiary
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Prior to 2021, the endowment net assets with donor restrictions were involved in litigation relating to the restricted nature of this endowment as it relates to providing services to a specific county in Pennsylvania. In 2021, PSPCA and the other parties underwent mediation in which a settlement was reached. This settlement allowed the funds in this account to be unrestricted provided that the PSPCA disburse \$1 million to other agreed upon not-for-profit agencies and pay some legal fees. The remainder of the fund is to be unrestricted and used to support the operations of the PSPCA including those services provided near the specific county in Pennsylvania as described above. Due to this settlement reached in September 2021, the full amount of the donor restricted endowment has been released from restriction.

13. LEASES

The Organization leases certain office equipment under lease obligations which have been classified as operating leases and contain no lease renewals. The leases require monthly payments in varying amounts. Weighted average remaining lease term (in years) as of December 31, 2023 and 2022 was 2.25 and 3.25, respectively. Cash payments for leases during year ended December 31, 2023 and 2022 was \$64,240. Weighted average discount rate for 2023 and 2022 was 6%. Equipment lease expense in the statement of functional expenses was \$133,300 and \$131,933 as of December 31, 2023 and 2022, respectively.

As of December 31, 2023, the maturities of the Organization's lease liabilities are as follows:

2024	\$ 64,241
2025	64,241
2026	16,060
Less: Imputed interest	(9,646)
	<u>\$ 134,896</u>

14. HUMANE LAW ENFORCEMENT

The PSPCA performs its humane law enforcement activities under Pennsylvania statutes governing Humane Society Police Officers and operates under the supervision of the Pennsylvania Secretary of Agriculture. Neither the PSPCA nor its humane law enforcement officers are granted the same "qualified immunity" which attaches to federal, state and municipal law enforcement officers in the conduct of their official duties. With the passage of the Comprehensive Animal Cruelty Act 10 (formerly HB 1238) in Pennsylvania in June 2017, civil immunity is now provided for Humane Society police officers and veterinarians. However, the PSPCA may still be exposed to litigation arising from claims relating to its humane law enforcement function at the federal level. The PSPCA believes it has adequately insured those risks.

15. 403(b) THRIFT PLAN

The PSPCA has a defined contribution 403(b) thrift plan that is subject to the provisions of the Employment Retirement Income Security Act of 1974 ("ERISA") and covers all employees (except leased employees and nonresident aliens). The PSPCA makes employer matching contribution equal to 25% of the employee's salary reduction contributions limited to the first 6% for employees who are at least 18 years of age and have completed one year of service with the PSPCA. For the years ended December 31, 2023 and 2022, the PSPCA had contributed, net of forfeitures to the plan, \$32,322 and \$26,020, respectively, to the 403(b) thrift plan.

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Notes to Consolidated Financial Statements
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16. LITIGATION

The PSPCA periodically finds itself a defendant in legal suits that have developed in the normal course of business. The PSPCA maintains both liability and umbrella insurance with limits of coverage which management believes to be more than adequate to cover any potential claims. Accordingly, the PSPCA has not accrued any claims liability as of and for the years ended December 31, 2023 and 2022.

17. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 25, 2025, the date on which the consolidated financial statements were available to be issued. Effective January 1, 2024, MLAR has been merged into PSPCA. No other material subsequent events have occurred since December 31, 2023 that require recognition or disclosure in the consolidated financial statements.

SUPPLEMENTARY INFORMATION

The Pennsylvania Society for the Prevention of Cruelty to Animals
Consolidating Statement of Financial Position
December 31, 2023

	<u>PSCPA</u>	<u>MLAR</u>	<u>Eliminations</u>	<u>Total</u>
Assets				
Current assets				
Cash	\$ 1,083,313	\$ 141,058	\$ -	\$ 1,224,371
Accounts receivable, net and other receivables	31,214	50,785	-	81,999
Grants receivable and promises to give	368,141	44,500	-	412,641
Inventory	76,284	2,739	-	79,023
Prepaid expenses and other assets	<u>195,682</u>	<u>641</u>	<u>-</u>	<u>196,323</u>
Total current assets	<u>1,754,634</u>	<u>239,723</u>	<u>-</u>	<u>1,994,357</u>
Investments	7,321,983	-	-	7,321,983
Property and equipment, net	<u>5,422,467</u>	<u>3,403,518</u>	<u>-</u>	<u>8,825,985</u>
Other assets				
Right-to-use asset	134,896	-	-	134,896
Beneficial interests in perpetual trusts held by third parties	13,168,224	-	-	13,168,224
Due from subsidiary	<u>1,776,618</u>	<u>(1,776,618)</u>	<u>-</u>	<u>-</u>
Total other assets	<u>15,079,738</u>	<u>(1,776,618)</u>	<u>-</u>	<u>13,303,120</u>
Total assets	<u>\$ 29,578,822</u>	<u>\$ 1,866,623</u>	<u>\$ -</u>	<u>\$ 31,445,445</u>
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued expenses	\$ 835,839	\$ 301	\$ -	\$ 836,140
Postretirement health benefits obligation	13,267	-	-	13,267
Lease liability	54,594	-	-	54,594
Economic Injury Disaster Loan	<u>3,764</u>	<u>3,764</u>	<u>-</u>	<u>7,528</u>
Total current liabilities	<u>907,464</u>	<u>4,065</u>	<u>-</u>	<u>911,529</u>
Long-term liabilities				
Postretirement health benefits obligation	129,732	-	-	129,732
Lease liability	80,302	-	-	80,302
Economic Injury Disaster Loan	<u>137,015</u>	<u>137,015</u>	<u>-</u>	<u>274,030</u>
Total long-term liabilities	<u>347,049</u>	<u>137,015</u>	<u>-</u>	<u>484,064</u>
Total liabilities	<u>1,254,513</u>	<u>141,080</u>	<u>-</u>	<u>1,395,593</u>
Net assets				
Without donor restrictions	13,499,072	1,707,993	-	15,207,065
With donor restrictions	<u>14,825,237</u>	<u>17,550</u>	<u>-</u>	<u>14,842,787</u>
Total net assets	<u>28,324,309</u>	<u>1,725,543</u>	<u>-</u>	<u>30,049,852</u>
Total liabilities and net assets	<u>\$ 29,578,822</u>	<u>\$ 1,866,623</u>	<u>\$ -</u>	<u>\$ 31,445,445</u>

See Independent Auditor's Report.

The Pennsylvania Society for the Prevention of Cruelty to Animals
Consolidating Statement of Activities
Year Ended December 31, 2023

	PSPCA			MLAR				Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support										
Program revenue	\$ 2,986,890	\$ -	\$ 2,986,890	\$ 15,438	\$ -	\$ 15,438	\$ -	\$ 3,002,328	\$ -	\$ 3,002,328
Municipal contract stray revenue	35,125	-	35,125	-	-	-	-	35,125	-	35,125
Contributions	2,244,277	11,456	2,255,733	698,185	-	698,185	-	2,942,462	11,456	2,953,918
Contributions of non-financial assets	594,177	-	594,177	1,694	-	1,694	-	595,871	-	595,871
Bequests	3,240,067	216,150	3,456,217	10,000	-	10,000	-	3,250,067	216,150	3,466,217
Trusts	568,482	13,682	582,164	-	-	-	-	568,482	13,682	582,164
Grants	425,117	300,000	725,117	71,575	-	71,575	-	496,692	300,000	796,692
Special events, net of expenses	984,074	-	984,074	307,528	-	307,528	-	1,291,602	-	1,291,602
Interest and dividends, net of investment fees	105,368	48,029	153,397	-	-	-	-	105,368	48,029	153,397
Net realized and unrealized gain on investments	233,738	38,004	271,742	-	-	-	-	233,738	38,004	271,742
Other revenue	1,740,068	-	1,740,068	208,546	-	208,546	(201,406)	1,747,208	-	1,747,208
Increase in fair value of beneficial interests in perpetual trusts held by third parties	-	1,010,648	1,010,648	-	-	-	-	-	1,010,648	1,010,648
Net assets released from restrictions	434,199	(434,199)	-	33,500	(33,500)	-	-	467,699	(467,699)	-
Total revenue and support	13,591,582	1,203,770	14,795,352	1,346,466	(33,500)	1,312,966	(201,406)	14,736,642	1,170,270	15,906,912
Expenses										
Program services										
Humane law enforcement and litigation	1,421,009	-	1,421,009	-	-	-	-	1,421,009	-	1,421,009
Spay and neuter and public veterinary care	2,910,039	-	2,910,039	-	-	-	-	2,910,039	-	2,910,039
Adoptions, lifesaving and shelter hospital	5,854,122	-	5,854,122	-	-	-	-	5,854,122	-	5,854,122
Humane education	243,778	-	243,778	-	-	-	-	243,778	-	243,778
Rescue, rehabilitation and placement	-	-	-	1,788,927	-	1,788,927	-	1,788,927	-	1,788,927
Supporting services										
Management and general	417,512	-	417,512	135,817	-	135,817	(201,406)	351,923	-	351,923
Fundraising/development	1,229,390	-	1,229,390	140,871	-	140,871	-	1,370,261	-	1,370,261
Total expenses	12,075,850	-	12,075,850	2,065,615	-	2,065,615	(201,406)	13,940,059	-	13,940,059
Change in net assets	1,515,732	1,203,770	2,719,502	(719,149)	(33,500)	(752,649)	-	796,583	1,170,270	1,966,853
Net assets										
Beginning of year	11,983,340	13,621,467	25,604,807	2,427,142	51,050	2,478,192	-	14,410,482	13,672,517	28,082,999
End of year	\$ 13,499,072	\$ 14,825,237	\$ 28,324,309	\$ 1,707,993	\$ 17,550	\$ 1,725,543	\$ -	\$ 15,207,065	\$ 14,842,787	\$ 30,049,852

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The Pennsylvania Society for the Prevention of Cruelty to Animals
Consolidating Statement of Functional Expenses
Year Ended December 31, 2023

	PSPCA								MLAR						
	Humane Law Enforcement and Litigation	Spay and Neuter and Public Veterinary Care	Adoptions Lifesaving and Shelter Hospital	Humane Education	Total Program Expenses	Management and General	Supporting Expenses		Total Expenses	Rescue, Rehabilitation and Placement	Management and General	Supporting Expenses		Total Expenses	Eliminations
							Fundraising	Total Support Expenses				Fundraising	Total Support Expenses		
Employment expenses	\$ 1,027,190	\$ 1,872,318	\$ 3,663,102	\$ 172,867	\$ 6,735,477	\$ 304,346	\$ 766,167	\$ 1,070,513	\$ 7,805,990	\$ 1,158,268	\$ 47,313	\$ 6,717	\$ 54,030	\$ 1,212,298	\$ (201,406)
Animal care expenses	20,954	553,277	650,887	30,049	1,255,167	-	-	-	1,255,167	184,558	-	-	-	184,558	-
Office and technology expenses	8,129	15,389	31,137	4,459	59,114	4,992	27,100	32,092	91,206	13,443	791	1,582	2,373	15,816	-
Utilities	26,122	80,198	193,705	4,387	304,412	7,961	50,821	58,782	363,194	47,452	2,791	5,583	8,374	55,826	-
Facilities and vehicle expenses	75,593	53,395	237,114	2,024	368,126	2,796	8,575	11,371	379,497	118,547	-	-	-	118,547	-
Professional services	198,790	127,128	212,472	19,151	557,541	55,465	31,875	87,340	644,881	82,975	82,850	101,225	184,075	267,050	-
Development and marketing expenses	-	-	-	-	-	-	284,982	284,982	284,982	-	-	21,614	21,614	21,614	-
Leased equipment	9,029	40,987	65,131	3,889	119,036	3,994	4,214	8,208	127,244	5,147	303	606	909	6,056	-
Bank, credit card and payroll fees	10,044	72,297	70,918	2,268	155,527	8,353	43,026	51,379	206,906	28,561	1,680	3,360	5,040	33,601	-
Bad debt expense (recovery)	-	15,106	-	-	15,106	-	-	-	15,106	-	-	-	-	-	-
Travel, meals, entertainment and other	6,140	11,091	474,515	2,413	494,159	23,679	5,934	29,613	523,772	1,562	89	184	273	1,835	-
Depreciation	39,018	68,853	255,141	2,271	365,283	5,926	6,696	12,622	377,905	148,414	-	-	-	148,414	-
Total expenses	<u>\$ 1,421,009</u>	<u>\$ 2,910,039</u>	<u>\$ 5,854,122</u>	<u>\$ 243,778</u>	<u>\$ 10,428,948</u>	<u>\$ 417,512</u>	<u>\$ 1,229,390</u>	<u>\$ 1,646,902</u>	<u>\$ 12,075,850</u>	<u>\$ 1,788,927</u>	<u>\$ 135,817</u>	<u>\$ 140,871</u>	<u>\$ 276,688</u>	<u>\$ 2,065,615</u>	<u>\$ (201,406)</u>

See Independent Auditor's Report.

The Pennsylvania Society for the Prevention of Cruelty to Animals
Consolidating Statement of Functional Expenses
Year Ended December 31, 2023

	Total										
	Humane Law Enforcement and Litigation	Spay and Neuter and Public Veterinary Care	Adoptions Lifesaving and Shelter Hospital	Humane Education	Rescue, Rehabilitation and Placement	Total Program Expenses	Supporting Expenses			Totals	
							Management and General	Fundraising	Total Support Expenses	2023	2022
Employment expenses	\$ 1,027,190	\$ 1,872,318	\$ 3,663,102	\$ 172,867	\$ 1,158,268	\$ 7,893,745	\$ 150,253	\$ 772,884	\$ 923,137	\$ 8,816,882	\$ 8,281,780
Animal care expenses	20,954	553,277	650,887	30,049	184,558	1,439,725	-	-	-	1,439,725	1,335,343
Office and technology expenses	8,129	15,389	31,137	4,459	13,443	72,557	5,783	28,682	34,465	107,022	134,819
Utilities	26,122	80,198	193,705	4,387	47,452	351,864	10,752	56,404	67,156	419,020	427,904
Facilities and vehicle expenses	75,593	53,395	237,114	2,024	118,547	486,673	2,796	8,575	11,371	498,044	428,008
Professional services	198,790	127,128	212,472	19,151	82,975	640,516	138,315	133,100	271,415	911,931	692,811
Development and marketing expenses	-	-	-	-	-	-	-	306,596	306,596	306,596	258,464
Leased equipment	9,029	40,987	65,131	3,889	5,147	124,183	4,297	4,820	9,117	133,300	131,933
Bank, credit card and payroll fees	10,044	72,297	70,918	2,268	28,561	184,088	10,033	46,386	56,419	240,507	189,116
Bad debt expense (recovery)	-	15,106	-	-	-	15,106	-	-	-	15,106	7,687
Travel, meals, entertainment and other	6,140	11,091	474,515	2,413	1,562	495,721	23,768	6,118	29,886	525,607	458,997
Depreciation	<u>39,018</u>	<u>68,853</u>	<u>255,141</u>	<u>2,271</u>	<u>148,414</u>	<u>513,697</u>	<u>5,926</u>	<u>6,696</u>	<u>12,622</u>	<u>526,319</u>	<u>525,997</u>
Total expenses	<u>\$ 1,421,009</u>	<u>\$ 2,910,039</u>	<u>\$ 5,854,122</u>	<u>\$ 243,778</u>	<u>\$ 1,788,927</u>	<u>\$ 12,217,875</u>	<u>\$ 351,923</u>	<u>\$ 1,370,261</u>	<u>\$ 1,722,184</u>	<u>\$ 13,940,059</u>	<u>\$ 12,872,859</u>

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