

SPCA of Texas

Independent Auditor's Report and Financial Statements

December 31, 2019 and 2018

SPCA of Texas
December 31, 2019 and 2018

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Independent Auditor's Report

Board of Directors
SPCA of Texas
Dallas, Texas

We have audited the accompanying financial statements of the SPCA of Texas (SPCA), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the SPCA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SPCA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
SPCA of Texas
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SPCA as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in *Note 1* to the financial statements, in 2019, SPCA adopted Accounting Standards Update 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

BKD, LLP

Dallas, Texas
August 10, 2020

SPCA of Texas
Statements of Financial Position
December 31, 2019 and 2018

Assets

	2019	2018
Cash and cash equivalents	\$ 3,588,953	\$ 4,492,222
Accounts receivable, net	26,945	10,628
Inventories, net	298,536	272,328
Prepaid expenses	122,023	88,881
Investments	18,039,993	10,831,474
Annuities receivable	576,285	728,856
Contributions receivable, net	1,565,038	860,500
Property and equipment, net	15,216,993	16,788,333
Total assets	\$ 39,434,766	\$ 34,073,222

Liabilities and Net Assets

Liabilities

Accounts payable	\$ 571,002	\$ 609,998
Accrued expenses	863,179	794,756
Refundable advances	383,883	1,286,945
Total liabilities	1,818,064	2,691,699

Net Assets

Without donor restriction	35,544,843	28,928,639
With donor restriction	2,071,859	2,452,884
Total net assets	37,616,702	31,381,523
Total liabilities and net assets	\$ 39,434,766	\$ 34,073,222

SPCA of Texas
Statement of Activities
Year Ended December 31, 2019

	Without Donor Restriction	With Donor Restriction	Total
Revenues, Gains and Other Support			
Receiving	\$ 27,064	\$ -	\$ 27,064
Adoption	503,602	-	503,602
Surgery and patient care	2,664,255	-	2,664,255
Merchandise sales	125,703	-	125,703
Contributions	9,763,345	144,499	9,907,844
In-kind services and materials	6,573,542	-	6,573,542
Direct mail programs	1,603,913	-	1,603,913
Special events, gross	1,274,873	-	1,274,873
Memorials and bequests	8,997,231	-	8,997,231
Investment return, net	1,835,729	12,445	1,848,174
Miscellaneous revenues	92,288	-	92,288
Gain on sale of assets and insurance proceeds	1,102,906	-	1,102,906
Net assets released from restrictions	537,969	(537,969)	-
	<u>35,102,420</u>	<u>(381,025)</u>	<u>34,721,395</u>
Expenses			
Program expenses			
Rees-Jones Animal Care Center	5,640,573	-	5,640,573
Martin Spay/Neuter & Wellness Clinic	4,585,948	-	4,585,948
Perry Animal Care Center	2,433,249	-	2,433,249
Perry Spay/Neuter & Wellness Clinic	1,001,124	-	1,001,124
Spencer Spay/Neuter & Wellness Clinic	2,152,981	-	2,152,981
Community relations (volunteer)	345,904	-	345,904
Customer care center (call center)	476,057	-	476,057
Animal cruelty investigations unit	699,190	-	699,190
Animal behavior	484,069	-	484,069
Communications	6,916,644	-	6,916,644
	<u>24,735,739</u>	<u>-</u>	<u>24,735,739</u>
Supporting services			
Special events costs of direct benefits to donors	220,385	-	220,385
Development	1,879,527	-	1,879,527
Management and general	1,650,565	-	1,650,565
	<u>3,750,477</u>	<u>-</u>	<u>3,750,477</u>
Total expenses	<u>28,486,216</u>	<u>-</u>	<u>28,486,216</u>
Change in Net Assets	6,616,204	(381,025)	6,235,179
Net Assets, Beginning of Year	<u>28,928,639</u>	<u>2,452,884</u>	<u>31,381,523</u>
Net Assets, End of Year	<u>\$ 35,544,843</u>	<u>\$ 2,071,859</u>	<u>\$ 37,616,702</u>

SPCA of Texas
Statement of Activities
Year Ended December 31, 2018

	Without Donor Restriction	With Donor Restriction	Total
Revenues, Gains and Other Support			
Receiving	\$ 16,575	\$ -	\$ 16,575
Adoption	546,174	-	546,174
Surgery and patient care	2,435,177	-	2,435,177
Merchandise sales	180,498	-	180,498
Contributions	7,218,025	549,521	7,767,546
In-kind services and materials	5,147,303	-	5,147,303
Direct mail programs	1,613,699	-	1,613,699
Special events, gross	1,273,277	-	1,273,277
Memorials and bequests	3,063,172	-	3,063,172
Investment return (loss), net	(409,845)	14,298	(395,547)
Miscellaneous revenues	105,613	-	105,613
Gain on sale of assets	18,316	-	18,316
Net assets released from restrictions	1,195,907	(1,195,907)	-
	<u>22,403,891</u>	<u>(632,088)</u>	<u>21,771,803</u>
Total revenues, gains and other support			
Expenses			
Program expenses			
Rees-Jones Animal Care Center	5,840,066	-	5,840,066
Martin Spay/Neuter & Wellness Clinic	3,694,734	-	3,694,734
Perry Animal Care Center	2,722,182	-	2,722,182
Perry Spay/Neuter & Wellness Clinic	965,335	-	965,335
Spencer Spay/Neuter & Wellness Clinic	2,039,102	-	2,039,102
Community relations (volunteer)	356,735	-	356,735
Customer care center	443,039	-	443,039
Animal cruelty investigations unit	1,166,279	-	1,166,279
Animal behavior	374,435	-	374,435
Communications	5,475,337	-	5,475,337
	<u>23,077,244</u>	<u>-</u>	<u>23,077,244</u>
Supporting services			
Special events costs of direct benefits to donors	185,140	-	185,140
Development	1,713,195	-	1,713,195
Management and general	1,730,096	-	1,730,096
	<u>3,628,431</u>	<u>-</u>	<u>3,628,431</u>
	<u>26,705,675</u>	<u>-</u>	<u>26,705,675</u>
Total expenses			
Change in Net Assets	(4,301,784)	(632,088)	(4,933,872)
Net Assets, Beginning of Year	<u>33,230,423</u>	<u>3,084,972</u>	<u>36,315,395</u>
Net Assets, End of Year	<u>\$ 28,928,639</u>	<u>\$ 2,452,884</u>	<u>\$ 31,381,523</u>

SPCA of Texas
Statement of Functional Expenses
Year Ended December 31, 2019

	Program Expenses										Supporting Services			Total Supporting Services Expenses	Total Expenses	
	Rees-Jones Animal Care Center	Martin S/N & Wellness Clinic	Perry Animal Care Center	Perry S/N & Wellness Clinic	Spencer S/N & Wellness Clinic	Community Relations (Volunteer)	Customer Care Center (Call Center)	Animal Cruelty Investigations Unit	Animal Behavior	Communications	Total Program Expenses	Special Events Costs of Direct Benefits to Donors	Development			Management and General
Salaries and wages	\$ 2,610,879	\$ 1,985,992	\$ 1,119,837	\$ 435,732	\$ 741,680	\$ 214,579	\$ 351,884	\$ 445,472	\$ 346,700	\$ 333,375	\$ 8,586,130	\$ -	\$ 481,762	\$ 721,054	\$ 1,202,816	\$ 9,788,946
Employee benefits	566,605	430,092	266,695	58,999	127,497	20,582	60,093	62,481	60,933	88,084	1,742,061	-	100,713	172,298	273,011	2,015,072
Contract labor	14,882	66,501	205,912	58,560	164,708	3,862	-	1,955	2,913	3,000	522,293	-	35,987	160,578	196,565	718,858
Payroll taxes	195,240	144,931	81,257	31,750	53,692	14,823	25,864	32,039	26,073	24,657	630,326	-	32,345	68,706	101,051	731,377
Total salaries and related expenses	3,387,606	2,627,516	1,673,701	585,041	1,087,577	253,846	437,841	541,947	436,619	449,116	11,480,810	-	650,807	1,122,636	1,773,443	13,254,253
Professional fees	44,730	51,253	21,641	13,966	22,372	2,433	3,632	5,152	3,818	6,515	175,512	-	208,338	40,785	249,123	424,635
Operating supplies	649,273	849,066	302,453	277,974	579,324	198	-	28,067	9,895	838	2,697,088	-	11,695	14,821	26,516	2,723,604
Postage and printing	1,172	87,674	631	1,152	56	49	-	54	-	773	91,561	-	81,048	2,330	83,378	174,939
Occupancy costs	150,766	19,466	66,248	6,722	19,029	6,044	804	5,445	-	2,467	276,991	-	2,860	32,124	34,984	311,975
Telephone/communications	11,621	22,735	11,357	7,295	14,999	1,061	3,775	10,222	2,848	3,022	88,935	-	4,870	3,214	8,084	97,019
Equipment rental	37,634	14,973	17,560	19,694	17,358	258	385	547	405	691	109,505	-	22,106	4,328	26,434	135,939
Insurance	85,146	27,915	31,071	4,164	10,023	5,331	2,980	21,190	3,211	2,421	193,452	-	3,371	25,167	28,538	221,990
Bank charges and service fees	35,437	33,038	15,526	8,164	12,105	1,738	3,150	3,162	3,672	4,425	120,417	-	94,201	21,132	115,333	235,750
Staff expenses	27,316	20,401	14,333	5,126	6,494	22,287	1,937	8,491	975	14,852	122,212	-	18,084	17,327	35,411	157,623
Repairs and maintenance	243,141	40,817	45,795	7,939	21,656	9,659	1,285	8,383	-	3,943	382,618	-	4,571	67,227	71,798	454,416
Vehicle expenses	10,922	30,016	11,395	1,375	1,571	1,182	108	18,280	318	2,435	77,602	-	6,332	46,171	52,503	130,105
Promotion, exhibit and other	-	254,936	-	-	-	474	-	-	-	6,388,385	6,643,795	220,385	307,550	8,891	536,826	7,180,621
Training and seminars	7,333	6,965	1,624	6,096	3,079	821	120	869	3,710	1,455	32,072	-	3,757	11,619	15,376	47,448
Advertising	6,547	229,990	1,924	1,174	227,562	1,265	305	433	321	548	470,069	-	73,312	3,493	76,805	546,874
Computer costs	49,211	35,600	16,753	9,423	18,847	4,188	9,423	10,471	9,423	6,282	169,621	-	11,518	13,612	25,130	194,751
Merchandise	36,513	5,615	14,784	3,555	4,209	-	-	-	-	-	64,676	-	-	-	-	64,676
Dues and subscriptions	5,785	7,985	2,834	1,704	3,160	200	-	-	65	4,585	26,318	-	5,328	13,547	18,875	45,193
Supplies	28,868	22,124	11,344	892	7,135	648	296	1,688	202	377	73,574	-	3,433	16,065	19,498	93,072
Bad debt expense	-	4,568	-	1,523	-	-	-	-	-	-	7,614	-	1,490	-	1,490	9,104
Mail solicitation	74,914	85,837	36,244	23,390	37,468	4,074	6,084	8,629	6,394	10,911	293,945	-	348,921	68,306	417,227	711,172
Miscellaneous	9,455	13,103	1,713	1,127	2,027	594	-	512	2,193	539	31,263	-	1,947	4,195	6,142	37,405
Total expenses other than salaries and related expenses	1,515,784	1,864,077	625,230	402,455	1,009,997	62,504	34,284	131,595	47,450	6,455,464	12,148,840	220,385	1,214,732	414,354	1,849,471	13,998,311
Total expenses before depreciation and amortization	4,903,390	4,491,593	2,298,931	987,496	2,097,574	316,350	472,125	673,542	484,069	6,904,580	23,629,650	220,385	1,865,539	1,536,990	3,622,914	27,252,564
Depreciation and amortization	737,183	94,355	134,318	13,628	55,407	29,554	3,932	25,648	-	12,064	1,106,089	-	13,988	113,575	127,563	1,233,652
Total expenses	\$ 5,640,573	\$ 4,585,948	\$ 2,433,249	\$ 1,001,124	\$ 2,152,981	\$ 345,904	\$ 476,057	\$ 699,190	\$ 484,069	\$ 6,916,644	\$ 24,735,739	\$ 220,385	\$ 1,879,527	\$ 1,650,565	\$ 3,750,477	\$ 28,486,216

SPCA of Texas
Statement of Functional Expenses
Year Ended December 31, 2018

	Program Expenses										Supporting Services			Total Supporting Services Expenses	Total Expenses	
	Rees-Jones Animal Care Center	Martin S/N & Wellness Clinic	Perry Animal Care Center	Perry S/N & Wellness Clinic	Spencer S/N & Wellness Clinic	Community Relations (Volunteer)	Customer Care Center (Call Center)	Animal Cruelty Investigations Unit	Animal Behavior	Communications	Total Program Expenses	Special Events Costs of Direct Benefits to Donors	Development			Management and General
Salaries and wages	\$ 2,405,642	\$ 1,588,912	\$ 1,220,331	\$ 368,354	\$ 725,688	\$ 178,339	\$ 316,733	\$ 622,623	\$ 248,169	\$ 352,287	\$ 8,027,078	\$ -	\$ 476,960	\$ 734,015	\$ 1,210,975	\$ 9,238,053
Employee benefits	426,979	323,947	249,751	55,867	122,864	33,366	58,516	88,613	38,682	72,383	1,470,968	-	92,618	210,694	303,312	1,774,280
Contract labor	224,311	91,419	257,642	68,914	97,582	4,000	-	64,645	15,885	5,273	829,671	-	-	54,033	54,033	883,704
Payroll taxes	177,551	118,128	88,615	26,620	52,150	12,786	23,126	45,046	17,886	26,078	587,986	-	30,926	51,281	82,207	670,193
Total salaries and related expenses	3,234,483	2,122,406	1,816,339	519,755	998,284	228,491	398,375	820,927	320,622	456,021	10,915,703	-	600,504	1,050,023	1,650,527	12,566,230
Professional fees	53,288	46,882	27,929	15,567	24,691	2,742	3,793	10,382	3,402	6,888	195,564	-	133,832	77,788	211,620	407,184
Operating supplies	839,548	822,189	399,742	288,681	569,644	3,322	800	158,658	15,497	1,771	3,099,852	-	12,648	20,134	32,782	3,132,634
Postage and printing	2,757	54,420	997	1,044	396	1,632	50	593	40	366	62,295	-	78,801	14,497	93,298	155,593
Occupancy costs	152,607	19,533	65,526	7,449	20,240	6,118	814	5,864	-	2,498	280,649	-	2,895	37,363	40,258	320,907
Telephone/communications	13,307	20,627	12,168	7,769	14,776	1,744	6,061	11,967	3,820	3,357	95,596	-	4,873	3,681	8,554	104,150
Equipment rental	45,475	13,506	10,674	21,021	20,000	346	478	3,010	429	868	115,807	-	16,870	9,805	26,675	142,482
Insurance	84,246	18,011	28,548	6,600	10,918	9,226	2,760	22,276	1,057	2,721	186,363	-	3,860	24,629	28,489	214,852
Bank charges and service fees	35,350	25,516	17,293	8,147	12,612	1,475	3,246	5,489	2,916	4,201	116,245	-	64,560	34,882	99,442	215,687
Staff expenses	47,196	22,685	22,531	8,153	6,571	43,599	1,247	8,592	2,348	14,602	177,524	-	18,175	16,589	34,764	212,288
Repairs and maintenance	267,936	41,319	47,948	6,700	22,689	10,550	1,404	9,156	-	4,307	412,009	-	4,993	40,543	45,536	457,545
Vehicle expenses	11,760	13,672	15,906	217	1,182	196	-	34,274	403	1,745	79,355	-	4,102	52,530	56,632	135,987
Promotion, exhibit and other	13,536	4,799	590	-	-	1,117	-	154	1,439	4,939,203	4,960,838	185,140	410,895	19,956	615,991	5,576,829
Training and seminars	6,163	4,603	2,053	3,829	994	2,700	992	4,419	803	797	27,353	-	5,958	8,316	14,274	41,627
Advertising	5,455	184,695	3,201	1,593	182,423	281	388	1,063	348	705	380,152	-	54,951	7,962	62,913	443,065
Computer costs	58,170	42,080	19,802	11,139	22,278	4,951	11,139	12,377	11,139	7,426	200,501	-	13,614	16,089	29,703	230,204
Merchandise	51,633	14,597	17,610	4,153	8,349	-	-	-	-	-	96,342	-	-	-	-	96,342
Dues and subscriptions	9,763	4,446	1,381	2,136	2,471	85	-	319	110	681	21,392	-	3,083	15,824	18,907	40,299
Supplies	47,525	15,600	15,493	1,909	11,177	1,067	395	7,650	328	1,941	103,085	-	3,791	12,251	16,042	119,127
Bad debt expense	-	16,338	-	5,446	5,446	-	-	-	-	-	27,230	-	7,000	-	7,000	34,230
Mail solicitation	98,882	86,995	51,826	28,887	45,817	5,088	7,038	19,266	6,312	12,781	362,892	-	248,342	144,345	392,687	755,579
Miscellaneous	-	2,413	5,970	1,072	948	1,497	-	3,367	3,422	4	18,693	-	5,011	5,646	10,657	29,350
Total expenses other than salaries and related expenses	1,844,597	1,474,926	767,188	431,512	983,622	97,736	40,605	318,876	53,813	5,006,862	11,019,737	185,140	1,098,254	562,830	1,846,224	12,865,961
Total expenses before depreciation and amortization	5,079,080	3,597,332	2,583,527	951,267	1,981,906	326,227	438,980	1,139,803	374,435	5,462,883	21,935,440	185,140	1,698,758	1,612,853	3,496,751	25,432,191
Depreciation and amortization	760,986	97,402	138,655	14,068	57,196	30,508	4,059	26,476	-	12,454	1,141,804	-	14,437	117,243	131,680	1,273,484
Total expenses	\$ 5,840,066	\$ 3,694,734	\$ 2,722,182	\$ 965,335	\$ 2,039,102	\$ 356,735	\$ 443,039	\$ 1,166,279	\$ 374,435	\$ 5,475,337	\$ 23,077,244	\$ 185,140	\$ 1,713,195	\$ 1,730,096	\$ 3,628,431	\$ 26,705,675

SPCA of Texas
Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating Activities		
Change in net assets	\$ 6,235,179	\$ (4,933,872)
Items not requiring (providing) cash		
Depreciation and amortization	1,233,652	1,273,484
Gain on disposal of fixed assets	(1,102,906)	(18,316)
Net realized and unrealized (gain) loss on investments	(1,492,132)	693,132
Bad debt expense	9,104	34,230
Changes in		
Contributions and accounts receivable	(729,959)	78,333
Grants receivable	-	12,500
Annuities receivable	152,571	160,460
Inventories, net	(26,208)	62,296
Prepaid expenses	(33,142)	10,858
Accounts payable	(38,996)	(35,519)
Accrued expenses	68,423	157,659
Refundable advances	(903,062)	(558,794)
	<u>3,372,524</u>	<u>(3,063,549)</u>
Net cash provided by (used in) operating activities		
Investing Activities		
Purchase of property and equipment	(57,116)	(495,268)
Proceeds from sale of property and equipment	1,497,710	27,865
Proceeds from sale of investments	3,512,073	4,949,357
Purchase of investments	(9,228,460)	(4,085,679)
	<u>(4,275,793)</u>	<u>396,275</u>
Net cash provided by (used in) investing activities		
Decrease in Cash and Cash Equivalents	(903,269)	(2,667,274)
Cash and Cash Equivalents, Beginning of Year	<u>4,492,222</u>	<u>7,159,496</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,588,953</u>	<u>\$ 4,492,222</u>
Supplemental Information		
Noncash Activity		
Contributions of in-kind goods and contributed services	\$ 6,573,542	\$ 5,147,303

SPCA of Texas
Notes to Financial Statements
December 31, 2019 and 2018

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The SPCA of Texas (SPCA) is dedicated to providing every animal exceptional care and a loving home. Incorporated by the Texas State Charter on September 22, 1938, the SPCA of Texas is over 80 years old but traces its roots to the late nineteenth century. In 1993, the Dallas SPCA, based in Dallas County, and the Humane Society of Texas, based in Collin County, merged to become the SPCA of Texas.

The SPCA is the leading animal welfare agency in North Texas. The not-for-profit, 501(c)(3) organization operates two animal shelters, three spay/neuter clinics, an animal rescue center, two mobile spay/neuter and wellness vehicles and a mobile adoption vehicle, all located in Dallas and Collin Counties. The SPCA's adoption program, including the two shelters and a vibrant mobile/offsite adoptions program, finds homes for more than 5,600 animals each year. The SPCA does not euthanize animals for lack of space and does not place time limits on animals housed in SPCA shelters.

The SPCA's three public veterinary clinics and two mobile spay/neuter and wellness vehicles provide high-quality pet care at affordable prices and collaborate with pet owners who would otherwise not be able to afford those services. These clinics work together with community partners to spay or neuter, vaccinate and provide wellness care for tens of thousands of animals each year.

Additionally, the SPCA maintains an Animal Cruelty Investigations Unit, which answers over 4,700 calls concerning animal cruelty and neglect every year, and rescues more than 2,500 each year, from several North Texas counties and beyond.

A robust Volunteer program assists in many ways in the shelter and the community, including animal care, animal behavior and enrichment, foster care, animal photography, administrative support and more. A dedicated Humane Education department offers camps, school visits and shelter education tours for children. Additionally, SPCA Behavior staff and trained volunteers provide animal critical behavioral care on a daily basis, including behavior assessments, socialization and obedience training and play and enrichment.

Giving to the SPCA is an investment. As a four star-rated charity on Charity Navigator and GuideStar Platinum charity, donors can be confident in good governance, sound fiscal management and commitment to accountability and transparency. The SPCA's four signature events—including Paws Cause; Strut Your Mutt, the Race to End Animal Cruelty; Fur Ball; and Home for the Holidays/Bark + Build—and a host of fundraising programs make the organization's animal care work possible. Giving opportunities include general giving, honor and memorial gifts, foundation gifts, corporate sponsorships, charitable bequests, affinity programs and more.

The SPCA is not affiliated with the American Society for the Prevention of Cruelty to Animals or any other humane society and does not receive general operating funds from the City of Dallas, State of Texas, federal government or any other national humane organization.

SPCA of Texas
Notes to Financial Statements
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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 revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

SPCA considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2019, SPCA's cash accounts exceeded federally insured limits by approximately \$2,402,000. Uninvested cash and cash equivalents included in investment accounts, including endowment accounts and accounts restricted internally by the Board of Directors (Board), are not considered to be cash and cash equivalents.

Investments and Net Investment Return

Investments in all debt securities and equity securities, including brokered certificates of deposit, bond mutual funds and equity mutual funds, having a readily determinable fair value are carried at fair value. Other investments are valued at lower of cost or fair value. Net investment return includes dividends and interest and realized and unrealized gains and losses on investments carried at fair value, net of related expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

SPCA maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Contributions and Other Receivables

Receivables are due primarily from individuals related to gift pledges and are stated at the amount management expects to collect from outstanding balances. The SPCA provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Receivables outstanding more than 90 days are generally considered past due. The SPCA writes off receivables when deemed uncollectible. The allowance for doubtful accounts at December 31, 2019 and 2018, was \$13,000.

SPCA of Texas
Notes to Financial Statements
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Inventories

Inventories, consisting of supplies to be used in operations and gift shop merchandise, are stated at the lower of cost or net realizable value. Costs of inventories are determined using the first-in, first-out method.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Donated property and equipment are stated at fair value as of the date of the donation. The SPCA's policy is to expense repairs and maintenance and all items under \$2,000. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Leasehold improvements are amortized over the shorter of the lease term or their respective estimated useful lives. The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings	7 – 31.50 years
Leasehold improvements	7 – 31.50 years
Equipment	5 – 15 years
Motor vehicles	5 – 7 years

Long-lived Asset Impairment

The SPCA evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2019 and 2018.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net assets with donor restrictions are subject to donor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

SPCA of Texas
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Revenue Recognition

Adoption and Surgery and Patient Care

Adoption revenues are recognized at the time of adoption. Surgery and patient care revenues are recognized at the time of the surgery or patient services.

Contributions

Contributions are provided to SPCA either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on SPCA overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value, if material, determined using the discounted present value of estimated future cash flows technique

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts, both conditional and unconditional, having donor stipulations which are satisfied in the period the gift is received are reported as revenue and net assets without donor restrictions.

SPCA of Texas
Notes to Financial Statements
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In-kind Services and Materials

In-kind services and materials include contributed services and in-kind contributions.

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. During the years ended December 31, 2019 and 2018, SPCA received \$6,454,080 and \$4,983,048, respectively, of contributed services. Of this, \$6,388,172 and \$4,939,035 are in-kind media donation values for the years ended December 31, 2019 and 2018, respectively.

In addition to contributed services and cash contributions, SPCA receives in-kind contributions from various donors. It is the policy of SPCA to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by the same amount. During the years ended December 31, 2019 and 2018, SPCA received \$119,462 and \$164,255, respectively, of in-kind contributions.

Direct Mail Programs, Memorials and Bequests

Direct mail programs, memorials and bequests revenues are recognized when the gift becomes unconditional.

Special Events

SPCA conducts special fundraising events, including galas and walks. Registration or participation fees, ticket sales and sponsorships, are included in special event revenue. In addition, contributions raised in conjunction with events are included as special event revenue. The cost of the direct benefit to donors that the participant receives at such events is presented on the statement of activities within supporting services expenses. All other expenses related to special events are included in development expenses.

Conditional Gifts and Refundable Advances

SPCA has received conditional contributions of approximately \$712,965 at December 31, 2019, that were not recognized as contribution revenue in the financial statements. The conditions are anticipated to be met and contributions recognized in 2020. Conditional contributions for which the cash has been received are recorded as refundable advances in the accompanying statement of financial position until the conditions have been met and the contribution is recognized. At December 31, 2019 and 2018, \$383,883 and \$1,286,945, respectively, is recorded as refundable advances in the accompanying statements of financial position.

SPCA of Texas

Notes to Financial Statements

December 31, 2019 and 2018

Income Taxes

The SPCA is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state franchise tax law. However, the SPCA is subject to federal income tax on any unrelated business taxable income. The SPCA files tax returns in the U.S. federal jurisdiction.

Advertising and Promotion

Advertising and promotion costs are expensed as incurred. Total advertising and promotion costs for the years ended December 31, 2019 and 2018, were \$7,727,495 and \$6,019,894, respectively, and are included in advertising and promotion, exhibit and other expenses in the accompanying statements of functional expenses. Of this, \$6,388,172 and \$4,939,035 were in-kind media donation values for the years ended December 31, 2019 and 2018, respectively.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Certain costs have been allocated among the program, management and general and fundraising categories based on the relative payroll, headcount, square footage occupied and other methods.

General Litigation

SPCA is subject to a lawsuit that arose in the ordinary course of its activities. It is the opinion of management the disposition or ultimate resolution of such lawsuit will not have a material adverse effect on the financial position, change in net assets and cash flows of SPCA. Events could occur that would change this estimate materially in the near term.

Change in Accounting Principle

On January 1, 2019, SPCA adopted the Financial Accounting Standards Board Accounting Standards Update 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, (ASU 2018-08) using a modified prospective basis at January 1, 2019. The amendments of the standard were applied to agreements that were not completed as of January 1, 2019, or entered into after January 1, 2019.

ASU 2018-08 clarifies the guidance on determining whether a transaction with a resource provider is a contribution or an exchange transaction. Upon adoption of the standard, SPCA determined that the nonexchange portion of sponsorship and event revenue is not conditional upon the event occurring and does not include a right of return or release, and therefore is recognized when received. The standard amends the simultaneous release accounting policy to allow a not-for-profit to elect a separate policy for donor-restricted contributions that were initially conditional contributions without also having to elect the policy for other donor-restricted contributions. SPCA has not opted to elect a separate policy for conditional contributions.

SPCA of Texas
Notes to Financial Statements
December 31, 2019 and 2018

Note 2: Investments and Net Investment Return

Investments at December 31 consisted of the following:

	2019	2018
Cash deposits	\$ 746,808	\$ 779,823
Brokered certificates of deposit	765,006	506,449
Bond mutual funds	8,147,391	5,361,125
Equity mutual funds	8,380,788	4,184,077
	<u>\$ 18,039,993</u>	<u>\$ 10,831,474</u>

Total net investment return (loss) is comprised of the following:

	2019	2018
Interest and dividend income	\$ 411,459	\$ 352,488
Management fees	(55,417)	(54,903)
Net realized and unrealized gains (loss) on investments reported at fair value	<u>1,492,132</u>	<u>(693,132)</u>
	<u>\$ 1,848,174</u>	<u>\$ (395,547)</u>

Note 3: Annuities Receivable

During 2013, SPCA became the beneficiary of two structured settlement annuities. The payment terms under the annuities are as follows:

- Monthly payments of approximately \$12,700 through June 30, 2020.
- Lump-sum payment of \$500,000 on July 30, 2015.
- Lump-sum payment of \$500,000 on July 30, 2020.

The annuities cannot be assigned or used as collateral on a loan.

At December 31, 2019 and 2018, an annuities receivable of \$576,285 and \$728,856, respectively, is recorded in the accompanying statements of financial position related to these two arrangements.

Discounting to net present value is not material to the accompanying financial statements as a whole.

SPCA of Texas
Notes to Financial Statements
December 31, 2019 and 2018

Note 4: Contributions Receivable

Contributions receivable consisted of the following:

	<u>2019</u>	<u>2018</u>
Unconditional contributions expected to be collected in		
Due within one year	\$ 1,215,038	\$ 310,500
Due in one to five years	<u>350,000</u>	<u>550,000</u>
	<u>\$ 1,565,038</u>	<u>\$ 860,500</u>

Discounting to net present value is not material to the accompanying financial statements as a whole.

Note 5: Property and Equipment

Property and equipment at December 31 consisted of:

	<u>2019</u>	<u>2018</u>
Land	\$ 1,345,210	\$ 1,696,513
Buildings and leasehold improvements	20,353,071	20,351,085
Equipment	2,814,691	2,759,561
Motor vehicles	<u>1,852,938</u>	<u>1,936,538</u>
	26,365,910	26,743,697
Less accumulated depreciation and amortization	<u>(11,148,917)</u>	<u>(9,955,364)</u>
	<u>\$ 15,216,993</u>	<u>\$ 16,788,333</u>

SPCA of Texas
Notes to Financial Statements
December 31, 2019 and 2018

Note 6: Net Assets With Donor Restriction

Net Assets With Donor Restriction

Net assets with donor restrictions at December 31 are restricted for the following purposes or periods:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose, passage of time, or both		
Disaster preparedness and relief efforts	\$ 743,506	\$ 1,161,923
Community pet program	103,100	15,870
Rescue center improvements and expenses	38,695	70,921
Shelter Program	6,773	15,885
Spay/neuter clinics	-	8,500
	<u>892,074</u>	<u>1,273,099</u>
 Endowments		
Earnings subject to SPCA endowment spending policy and appropriation		
Restricted by donors for		
David Ivan Perry Fund	765,000	765,000
Baggarly Fund	414,785	414,785
	<u>2,071,859</u>	<u>2,452,884</u>

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2019</u>	<u>2018</u>
Purpose restrictions accomplished		
Community pet program	\$ 254,749	\$ 243,915
Disaster preparedness and relief efforts	218,417	281,636
Rescue center improvements and expenses	37,091	364,703
Spay/neuter clinic program expenses	18,600	147,141
Shelter program expenses	9,112	158,512
	<u>\$ 537,969</u>	<u>\$ 1,195,907</u>

SPCA of Texas
Notes to Financial Statements
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Note 7: Endowments

The SPCA's endowments consist of three funds established for a variety of purposes. The endowments include both donor-restricted endowment funds and funds designated by the Board to function as endowments (board-designated endowment funds). The donor-restricted David Ivan Perry Fund and Baggarly Fund do not have purpose restrictions on the endowment earnings. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board has interpreted the Uniform Prudent Management of Institutional Funds Act as adopted by the State of Texas (UPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the SPCA classifies as net assets with donor restriction as: (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. The remaining portion of donor-restricted endowment fund is classified as net assets with donor restriction until those amounts are appropriated for expenditure by the SPCA in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the SPCA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- Duration and preservation of the fund
- Purposes of the SPCA and the fund
- General economic conditions
- Possible effect of inflation and deflation
- Expected total return from investment income and appreciation or depreciation of investments
- Other resources of the SPCA
- Investment policies of the SPCA

SPCA of Texas
Notes to Financial Statements
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The composition of net assets by type of endowment fund at December 31, 2019 and 2018, was:

	Without Donor Restriction	With Donor Restriction	Total
December 31, 2019			
Donor-restricted endowment funds	\$ -	\$ 1,179,785	\$ 1,179,785
Board-designated endowment funds	14,827,843	-	14,827,843
	<u>\$ 14,827,843</u>	<u>\$ 1,179,785</u>	<u>\$ 16,007,628</u>
December 31, 2018			
Donor-restricted endowment funds	\$ -	\$ 1,179,785	\$ 1,179,785
Board-designated endowment funds	7,769,401	-	7,769,401
	<u>\$ 7,769,401</u>	<u>\$ 1,179,785</u>	<u>\$ 8,949,186</u>

Changes in endowment net assets for the years ended December 31 was:

	2019		
	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 7,769,401	\$ 1,179,785	\$ 8,949,186
Investment return, net			
Investment income	292,711	11,888	304,599
Net appreciation	1,426,935	557	1,427,492
	<u>1,719,646</u>	<u>12,445</u>	<u>1,732,091</u>
Total investment return, net	1,719,646	12,445	1,732,091
Appropriation of endowment assets for expenditure	(2,717,171)	(12,445)	(2,729,616)
Board appropriations from unappropriated net assets without donor restriction	8,055,967	-	8,055,967
	<u>\$ 14,827,843</u>	<u>\$ 1,179,785</u>	<u>\$ 16,007,628</u>

SPCA of Texas
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	2018		
	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 9,754,001	\$ 1,179,785	\$ 10,933,786
Investment return (loss), net			
Investment income	274,855	12,438	287,293
Net appreciation (depreciation)	<u>(643,038)</u>	<u>1,860</u>	<u>(641,178)</u>
Total investment return (loss), net	(368,183)	14,298	(353,885)
Appropriation of endowment assets for expenditure	(4,480,615)	(14,298)	(4,494,913)
Board appropriations from unappropriated net assets without donor restriction	<u>2,864,198</u>	<u>-</u>	<u>2,864,198</u>
	<u>\$ 7,769,401</u>	<u>\$ 1,179,785</u>	<u>\$ 8,949,186</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the SPCA is required to retain as a fund of perpetual duration pursuant to donor stipulation or UPMIFA. There were no such deficiencies as of December 31, 2019 and 2018.

The SPCA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the SPCA must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the SPCA's policies, as approved by the Board, endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The SPCA expects its endowment funds to provide an average rate of return of approximately 7% annually over time. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the SPCA relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The SPCA targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The SPCA's policy permits additions to or drawdowns of board-designated funds to achieve target cash balances in operating accounts. In establishing this policy, the SPCA considered the long-term expected return on its endowments. The SPCA's objective is to maintain the purchasing power of endowment assets held in perpetuity or for a specified term or purpose, as well as to provide additional real growth through new gifts and investment return.

SPCA of Texas
Notes to Financial Statements
December 31, 2019 and 2018

Note 8: Defined Contribution Plan

The SPCA has a defined contribution plan for all employees meeting certain eligibility requirements. The SPCA will match employees' contributions up to 3% of employees' wages. The SPCA made contributions of \$88,774 and \$81,838 for the years ended December 31, 2019 and 2018, respectively.

Note 9: Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2019 and 2018:

	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2019				
Brokered certificates of deposits	\$ 765,006	\$ -	\$ 765,006	\$ -
Bond mutual funds	8,147,391	8,147,391	-	-
Equity mutual funds	8,380,788	8,380,788	-	-
	<u>\$ 17,293,185</u>	<u>\$ 16,528,179</u>	<u>\$ 765,006</u>	<u>\$ -</u>

SPCA of Texas
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	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2018				
Brokered certificates of deposits	\$ 506,449	\$ -	\$ 506,449	\$ -
Bond mutual funds	5,361,125	5,361,125	-	-
Equity mutual funds	4,184,077	4,184,077	-	-
	<u>\$ 10,051,651</u>	<u>\$ 9,545,202</u>	<u>\$ 506,449</u>	<u>\$ -</u>

The following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2019.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The SPCA has no Level 3 investments at December 31, 2019 and 2018.

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Note 10: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2019 and 2018, comprise the following:

	2019	2018
Financial assets		
Cash and cash equivalents	\$ 3,588,953	\$ 4,492,222
Accounts receivable, net	26,945	10,628
Investments	18,039,993	10,831,474
Annuities receivable	576,285	728,856
Contributions receivable, net	1,565,038	860,500
Total financial assets	23,797,214	16,923,680
Less: financial assets not available to meet cash needs for general expenditure within one year		
Donor imposed restrictions		
Perpetual restricted endowments	1,179,785	1,179,785
Conditional gifts and net assets with donor restrictions	1,275,957	3,707,375
Internal designations		
Bequests receivable designated for endowment when received	1,006,812	-
Board-designated endowment	11,754,843	7,769,401
Contributions not expected to be collected within one year	350,000	1,126,456
Total financial assets not available to meet cash needs for general expenditure within one year	15,567,397	13,783,017
Financial assets available to meet cash needs for general expenditure within one year	\$ 8,229,817	\$ 3,140,663

The board-designated operating reserve intended to operate as an endowment of \$14,827,843 and \$7,769,401 at December 31, 2019 and 2018, respectively, is subject to annual spending rates determined by the Board. Although SPCA does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary. Prior to December 31, 2019, the Board approved the use of \$3,073,000 of the board-designated operating reserve intended to operate as an endowment in 2020; therefore, these funds have been excluded from the table above.

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Notes to Financial Statements
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SPCA 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 long-term obligations will be discharged. SPCA has a liquidity policy to maintain operating bank account balances at a minimum of 30 days operating expenses. SPCA forecasts its future cash flows and monitors its liquidity monthly and evaluates its reserves annually. During the years ended December 31, 2019 and 2018, the level of liquidity and reserves was managed within the policy requirements.

Note 11: Significant Estimates, Concentrations and Related Party Transactions

GAAP requires disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Revenues, Gains and Other Support

Approximately 33% of contributions, memorials and bequests, and direct mail revenues were received from one donor in 2019. No such concentration existed in 2018. Approximately 91% and 87% of in-kind services and materials were received from two donors in 2019 and 2018, respectively. Fluctuations in funding concentrations for non-profits are most often correlated to new programs, expansion of existing programs or dedicated campaigns and are for a designated period of time.

Investments

The SPCA invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying statements of financial position.

Related Party Transactions

For the years ended December 31, 2019 and 2018, SPCA received related party contributions of approximately \$2,079,000 and \$274,000, respectively, from members of the Board.

SPCA of Texas
Notes to Financial Statements
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Note 12: Subsequent Events

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act. On April 20, 2020, SPCA received a loan in the amount of \$2,188,000 pursuant to the Paycheck Protection Program.

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the SPCA. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Subsequent events have been evaluated through August 10, 2020, which is the date the financial statements were available to be issued.