



**Houston Society for the  
Prevention of Cruelty to Animals  
and Subsidiary**

**CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2022 and 2021



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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Houston Society for the Prevention of Cruelty to Animals  
Houston, Texas

### **Opinion**

We have audited the accompanying consolidated financial statements of Houston Society for the Prevention of Cruelty to Animals and subsidiary (collectively, the Organization), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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 Organization as of December 31, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

## Report on Consolidating Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 25 through 30 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, activities, and changes in net assets of the individual entities, and is 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 consolidating information has been subjected to the auditing procedures applied in the audits 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 consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Carr, Riggs & Ingram, L.L.C.*

Houston, Texas  
July 25, 2023

## Houston Society for the Prevention of Cruelty to Animals Consolidated Statements of Financial Position

<i>December 31,</i>	<b>2022</b>	2021
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 7,029,823	\$ 2,891,456
Marketable securities - short term	3,814,108	-
Promises to give	135,662	85,404
Promises to give - capital campaign	1,302,646	1,374,664
Other receivables	581,354	436,572
Employee retention tax credit receivable	1,292,427	-
Prepaid expenses	296,615	254,602
Total current assets	14,452,635	5,042,698
Property and equipment		
Land	7,005,836	7,005,836
Buildings and improvements	45,676,361	45,664,835
Property improvements	212,196	167,132
Furniture and equipment	3,025,302	2,671,433
Accumulated depreciation	(9,311,924)	(7,926,896)
Property and equipment, net	46,607,771	47,582,340
Long-term assets		
Marketable securities	13,449,950	17,670,320
Marketable securities restricted for endowment	1,221,324	1,221,324
Marketable securities restricted for capital campaign	27,631	27,768
Promises to give - capital campaign	205,000	904,244
Total long-term assets	14,903,905	19,823,656
Total assets	\$ 75,964,311	\$ 72,448,694

(Continued)

*The accompanying notes are an integral part of these consolidated financial statements.*

## Houston Society for the Prevention of Cruelty to Animals Consolidated Statements of Financial Position (Continued)

<i>December 31,</i>	<b>2022</b>	2021
<b>Liabilities and net assets</b>		
Current liabilities		
Accounts payable	\$ 159,414	\$ 111,410
Accrued payroll and benefits	272,412	123,763
Deferred revenue	3,500	26,500
Note payable - PPP loan	-	1,147,319
<b>Total current liabilities</b>	<b>435,326</b>	1,408,992
Long-term liabilities		
Line of credit	-	6,873,296
<b>Total liabilities</b>	<b>435,326</b>	8,282,288
Net assets		
Without donor restrictions		
Property and equipment, net	46,607,771	47,582,340
Undesignated	26,675,219	14,032,497
<b>Total without donor restriction</b>	<b>73,282,990</b>	61,614,837
<b>With donor restrictions</b>	<b>2,245,995</b>	2,551,569
<b>Total net assets</b>	<b>75,528,985</b>	64,166,406
<b>Total liabilities and net assets</b>	<b>\$ 75,964,311</b>	\$ 72,448,694

*The accompanying notes are an integral part of these consolidated financial statements.*

## Houston Society for the Prevention of Cruelty to Animals Consolidated Statement of Activities

*For the year ended December 31, 2022*

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue</b>			
Adoptions	\$ 789,504	\$ -	\$ 789,504
Admissions	134,629	-	134,629
Contributions	2,047,850	53,375	2,101,225
Contributions of nonfinancial assets	444,515	-	444,515
Online contributions	964,551	-	964,551
Direct mail	1,585,972	50	1,586,022
Trusts and bequests	4,648,458	495,690	5,144,148
Foundations	8,198,106	255,240	8,453,346
Capital campaign	-	7,171,892	7,171,892
Fundraising	1,031,293	5,000	1,036,293
Investment income	(4,104,460)	13	(4,104,447)
Fees for services	209,035	-	209,035
Forgiveness of PPP loan	1,147,319	-	1,147,319
Employee retention credit refund	1,731,321	-	1,731,321
Other	758,870	-	758,870
Net assets released from restrictions			
Capital projects	7,171,892	(7,171,892)	-
Operations	1,114,942	(1,114,942)	-
Total revenue	27,873,797	(305,574)	27,568,223
<b>Expenses</b>			
Program services	13,204,213	-	13,204,213
Management and general	895,083	-	895,083
Fundraising	2,106,348	-	2,106,348
Total expenses	16,205,644	-	16,205,644
Changes in net assets	11,668,153	(305,574)	11,362,579
Net assets at beginning of year	61,614,837	2,551,569	64,166,406
Net assets at end of year	\$ 73,282,990	\$ 2,245,995	\$ 75,528,985

*The accompanying notes are an integral part of these consolidated financial statements.*



## Houston Society for the Prevention of Cruelty to Animals Consolidated Statement of Activities

*For the year ended December 31, 2021*

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue</b>			
Adoptions	\$ 596,910	\$ -	\$ 596,910
Admissions	140,716	-	140,716
Contributions	1,683,793	154,532	1,838,325
Contributions of nonfinancial assets	354,566	-	354,566
Online contributions	1,117,840	-	1,117,840
Direct mail	1,979,694	2,483	1,982,177
Trusts and bequests	3,572,993	-	3,572,993
Foundations	1,640,938	425,852	2,066,790
Capital campaign	-	254,555	254,555
Fundraising	1,112,818	300	1,113,118
Investment income	2,349,351	4	2,349,355
Fees for services	225,307	-	225,307
Forgiveness of PPP loan	1,137,847	-	1,137,847
Other	622,077	-	622,077
Net assets released from restrictions			
Capital projects	254,555	(254,555)	-
Operations	260,771	(260,771)	-
Total revenue	17,050,176	322,400	17,372,576
<b>Expenses</b>			
Program services	12,576,669	-	12,576,669
Management and general	835,167	-	835,167
Fundraising	2,084,429	-	2,084,429
Total expenses	15,496,265	-	15,496,265
Changes in net assets	1,553,911	322,400	1,876,311
Net assets at beginning of year	60,060,926	2,229,169	62,290,095
Net assets at end of year	\$ 61,614,837	\$ 2,551,569	\$ 64,166,406

*The accompanying notes are an integral part of these consolidated financial statements.*

## Houston Society for the Prevention of Cruelty to Animals Consolidated Statement of Functional Expenses

<i>For the year ended December 31, 2022</i>	Program Services	Management and General	Fundraising	Total
Personnel expenses				
Salaries	\$ 5,604,529	\$ 362,287	\$ 398,193	\$ 6,365,009
Benefits, training, and taxes	1,027,737	57,376	49,162	1,134,275
Total personnel expenses	6,632,266	419,663	447,355	7,499,284
Health care and supplies	1,954,854	10,712	27,558	1,993,124
Contract veterinary and deputy services	528,509	-	-	528,509
Education and community outreach	474,540	-	1,370,152	1,844,692
Technology and other administrative support	190,801	290,552	232,231	713,584
Maintenance and security	862,776	5,987	8,416	877,179
Insurance	351,173	25,717	4,902	381,792
Depreciation	1,446,789	3,490	4,907	1,455,186
Interest expense	78,778	-	-	78,778
Other expenses	-	120,811	-	120,811
Utilities	497,823	15,615	10,827	524,265
Vehicles	185,904	2,536	-	188,440
Total expenses	\$ 13,204,213	\$ 895,083	\$ 2,106,348	\$ 16,205,644

*The accompanying notes are an integral part of these consolidated financial statements.*

## Houston Society for the Prevention of Cruelty to Animals Consolidated Statement of Functional Expenses

<i>For the year ended December 31, 2021</i>	Program Services	Management and General	Fundraising	Total
Personnel expenses				
Salaries	\$ 5,284,552	\$ 326,341	\$ 390,768	\$ 6,001,661
Benefits, training, and taxes	837,341	122,160	51,189	1,010,690
<b>Total personnel expenses</b>	<b>6,121,893</b>	<b>448,501</b>	<b>441,957</b>	<b>7,012,351</b>
Health care and supplies	1,777,148	19,189	-	1,796,337
Contract veterinary and deputy services	472,953	-	-	472,953
Education and community outreach	502,181	-	1,358,607	1,860,788
Technology and other administrative support	235,310	289,315	253,842	778,467
Maintenance and security	767,532	7,570	5,407	780,509
Insurance	328,371	23,223	7,209	358,803
Depreciation	1,519,529	5,328	3,806	1,528,663
Interest expense	236,692	-	-	236,692
Utilities	451,569	34,426	13,601	499,596
Vehicles	163,491	7,615	-	171,106
<b>Total expenses</b>	<b>\$ 12,576,669</b>	<b>\$ 835,167</b>	<b>\$ 2,084,429</b>	<b>\$ 15,496,265</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

## Houston Society for the Prevention of Cruelty to Animals Consolidated Statements of Cash Flows

<i>For the years ended December 31,</i>	<b>2022</b>	<b>2021</b>
<b>Operating activities</b>		
Changes in net assets	\$ 11,362,579	\$ 1,876,311
Adjustments to reconcile changes in net assets to net assets provided by operating activities		
Net realized and unrealized (gains) losses on investments	4,361,546	(2,132,376)
Depreciation	1,455,186	1,528,663
Gain on disposal of property and equipment	(10,828)	(4,500)
Donated furniture and equipment	(47,000)	-
Forgiveness of PPP loans	(1,147,319)	(1,137,847)
Contributions restricted for capital acquisitions	(7,171,892)	(254,555)
Changes in operating assets and liabilities		
Promises to give	(67,758)	54,453
Other receivables	(144,782)	5,958
Employee retention credit receivable	(1,292,427)	-
Prepaid expenses	(42,013)	13,563
Accounts payable	48,004	36,976
Accrued payroll and benefits	148,649	21,677
Deferred revenue	(23,000)	-
<b>Net cash provided by operating activities</b>	<b>7,428,945</b>	<b>8,323</b>
<b>Investing activities</b>		
Proceeds from sales of investments	5,185,019	4,489,548
Purchases of investments and reinvested earnings	(9,140,166)	(5,757,283)
Purchases of property and equipment	(433,617)	(50,675)
Proceeds from sales of assets	10,828	4,500
<b>Net cash used in investing activities</b>	<b>(4,377,936)</b>	<b>(1,313,910)</b>
<b>Financing activities</b>		
Borrowings on PPP Loan	-	1,147,319
Payments on line of credit	(6,873,296)	(1,247,518)
Proceeds from contributions restricted for capital acquisitions	7,960,654	1,563,891
<b>Net cash provided by financing activities</b>	<b>1,087,358</b>	<b>1,463,692</b>
<b>Net change in cash and cash equivalents</b>	<b>4,138,367</b>	<b>158,105</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>2,891,456</b>	<b>2,733,351</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 7,029,823</b>	<b>\$ 2,891,456</b>
<b>Supplemental cash flow information</b>		
Cash paid for interest	\$ 78,778	\$ 236,692

*The accompanying notes are an integral part of these consolidated financial statements.*

# Houston Society for the Prevention of Cruelty to Animals

## Notes to Consolidated Financial Statements

### **Note 1: ORGANIZATION AND NATURE OF BUSINESS**

The consolidated financial statements of Houston Society for the Prevention of Cruelty to Animals includes Houston Society for the Prevention of Cruelty to Animals (Houston SPCA) and its wholly owned subsidiary, The Wildlife Center of Texas (The Wildlife Center) (collectively, the Organization). All significant inter-entity balances and transactions have been eliminated.

Houston SPCA was founded in 1924 and is the oldest and largest animal protection agency in the Gulf Coast area, providing sheltering, adoption, humane education, and cruelty relief services to more than 40,000 animals a year. The mission for the Houston SPCA is to improve and protect the lives of animals in our community and to alleviate their suffering and abuse.

The Wildlife Center was formed in 1992 to meet the increasing need for wildlife assistance in the Greater Houston and Upper Gulf Coast. The mission of The Wildlife Center is to care for injured, ill, and orphaned wildlife through rehabilitation, public education, and release.

The Organization is funded primarily by donations.

### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Basis of Presentation***

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

#### ***Use of Estimates***

The preparation of the consolidated 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 amount of assets and liabilities, the amounts of reported revenues and expenses, and the allocation of expenses among various functions. Management believes these estimates and assumptions provide a reasonable basis for the fair presentation of the consolidated financial statements. Actual results could vary from the estimates.

#### ***Cash and Cash Equivalents***

The Organization considers all highly liquid investments with initial maturities of three months or less at the time of purchase to be cash equivalents.

## Houston Society for the Prevention of Cruelty to Animals Notes to Consolidated Financial Statements

### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### ***Promises to Give and Other Receivables***

Unconditional promises to give are recorded when the Organization receives notification of the pledge or promise to give. Amounts that are expected to be collected within one year are recorded at net realizable value. Amounts that are expected to be collected in future years are discounted to estimate the present value of future cash flows, if material. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed. Management considers all outstanding receivables to be collectible. Accordingly, no allowance for doubtful accounts is considered necessary at December 31, 2022 and 2021.

#### ***Employee Retention Tax Credit Receivable***

Under the CARES Act, organizations that experienced a full or partial suspension of the operation of their trade or business during any calendar quarter because of governmental orders limiting commerce, travel, or group meetings due to COVID-19, or a significant decline in gross receipts, were eligible to apply for the Employee Retention Tax Credit (ERTC). Further, the Consolidated Appropriations Act 2021 enabled employers that received Paycheck Protection Program (PPP) loans to also take advantage of the ERTC to cover eligible expenses not covered by PPP loan proceeds. The ERTC is limited to maximum amounts per employee and per quarter.

The ERTC is considered a non-exchange transaction with a governmental entity and the Organization is recognizing revenue following the guidance under FASB ASC 958-605, government grant model. The ERTC has been recognized for the quarters in which the Organization experienced a full or partial suspension of operations or had a decline in revenues and used the credit against qualifying payroll and health care costs. ERTC receivables represent the amount still to be received for quarters claimed by the Organization and the Organization considers amounts to be fully collectible. The Organization did not receive any advances on the ERTC.

The Organization has recognized \$1,731,321 for the quarters in which the Organization qualified during the fiscal year ended December 31, 2022. The Organization received a payment of \$438,894 during 2022. ERTC receivable totaled \$1,292,427 as of December 31, 2022.

#### ***Marketable Securities***

Marketable securities are recorded at fair value. Investment return includes interest, dividends, and realized and unrealized gains or losses. Investment return is reported in the consolidated statements of activities as an increase in net assets without donor restriction unless the use of the income is limited by donor-imposed restrictions. Investment return whose use is restricted by the donor is reported as an increase in net assets with donor restrictions until expended in accordance with the donor-imposed restrictions.

# Houston Society for the Prevention of Cruelty to Animals

## Notes to Consolidated Financial Statements

### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Property and Equipment***

Property and equipment are recorded at cost if purchased, or in the case of donated property, at the estimated fair market value at the date of donation. The Organization capitalizes all expenditures for property and equipment in excess of \$5,000.

Depreciation is provided by the straight-line method over the following useful lives:

Building and improvements	30-40 years
Property improvements	20 years
Furniture and equipment	3-10 years

Routine maintenance, repair, renewal and replacement costs are charged against operations in the year incurred. Expenditures, which materially increase values or extend useful lives of property and equipment, are capitalized.

#### ***Long-Lived Assets***

Long-lived assets are evaluated for impairment in accordance with generally accepted accounting principles, which requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable based on expected undiscounted cash flows attributable to that asset. This review requires significant judgments both in assessing events and circumstances as well as estimating future cash flows. Should events indicate that any of the assets are impaired, the amount of such impairment will be measured as the difference between the carrying value and the fair value of the impaired asset and the impairment will be recorded in earnings during the period of such impairment. Management believes no impairment has occurred with respect to long-lived assets at December 31, 2022 and 2021.

#### ***Deferred Revenue***

Deferred revenue represents sponsorships for fundraising events set to occur in a future period. Deferred revenue is recognized as revenue in the year the fundraising event is held.

#### ***Fair Value Considerations***

Cash and cash equivalents, promises to give, receivables, marketable securities, and payables are carried in the accompanying consolidated statements of financial position at amounts which reasonably approximate fair value because of their short term nature. Based on market interest rates for similar loans, the fair value of long-term debt approximates their carrying value.

#### ***Net Assets***

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

## Houston Society for the Prevention of Cruelty to Animals Notes to Consolidated Financial Statements

### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the consolidated financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

#### ***Revenue and Revenue Recognition***

Program fees collected for admissions, adoptions, and other programs (which are recorded as fees for services and other income in the consolidated statements of activities) are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606) as exchange transactions, and revenue is recognized when the performance obligations under the terms of the contracts with customers are satisfied. Revenues from admissions and adoptions are recognized at the point in time the service is provided. Revenue from Critter Camp (a summer educational youth program) is recognized when the camps are held.

The Organization has entered into an agreement with a university for veterinarian education and training program. Revenue from this program is recognized over time, as the program is conducted by the Organization each school year which spans over two of the Organization's fiscal years. Revenue for this program is recorded in other income in the consolidated statements of activities, and totaled \$699,159 and \$608,356 for the years ended December 31, 2022 and 2021, respectively. Receivables due from the university totaled \$181,354 and \$386,367 at December 31, 2022 and 2021, respectively. Receivable due from the university totaled \$393,194 at January 1, 2021.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been met or the donor has explicitly removed the restriction.

The Organization's contributions are considered to be available without restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor stipulated time restriction ends or stipulated purpose 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.



## Houston Society for the Prevention of Cruelty to Animals Notes to Consolidated Financial Statements

### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fundraising revenue, which includes the Organization's annual gala, represents the amounts paid by donors, sponsors, and attendees of fundraising events. Ticket sales include elements of both contributions and exchange transactions and are recognized when an event occurs. Cost of direct donor benefits provided represents the costs of goods and services provided in exchange for the amount paid by event attendees. The cost of direct donor benefits totaled \$63,186 and \$59,387 for the years ended December 31, 2022 and 2021, respectively.

#### ***Donated Materials and Services***

Donated materials are reflected as contributions in the accompanying financial statements at their estimated value on the date of receipt, if an objective basis is available to measure the fair value of such items and a corresponding expense in an amount approximating the estimated fair value at the time of donation. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

A substantial number of unpaid volunteers make significant contributions of their time to develop and serve the Organization's programs. The value of the contributed time is not reflected in these statements because these services did not meet the criteria for recognition.

#### ***Functional Allocation of Expenses***

Directly identifiable expenses are charged to program and supporting services. Expenses that are allocated are personnel expenses, which are allocated on the basis of estimates of time and effort; technology and other administrative support, which are allocated based on the users of computers and phones; insurance, which is allocated based on average headcount; depreciation, maintenance and security, and utilities, which are allocated based on the departments benefiting from the costs; and vehicles, which are allocated based on the departments using the vehicles.

#### ***Advertising Costs***

The Organization uses advertising through television, radio and other media to promote its programs in the area it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2022 and 2021, totaled \$112,712 and \$130,109, respectively.

#### ***Federal Income Taxes***

The Houston SPCA and The Wildlife Center are not-for-profit organizations that are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for federal income tax has been made in these consolidated financial statements.

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the consolidated financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2022 and 2021, the Organization has no uncertain tax provisions that qualify for recognition or disclosure in the consolidated financial statements.

## Houston Society for the Prevention of Cruelty to Animals Notes to Consolidated Financial Statements

### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### ***Reclassification***

Certain reclassifications were made to prior year balances to conform with current year presentation.

#### ***Subsequent Events***

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, July 25, 2023 and determined that there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

#### ***Newly Adopted Accounting Standards***

In February 2016, the FASB issued guidance ASC 842, Leases to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the consolidated statements of financial position. Most prominent among these changes in the new standard is the recognition of ROU assets and lease liabilities by lessees for those lease classified as operating leases. Under the standard, disclosures are required to meet the objectives of enabling users of the consolidated financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. The Organization had no material leases during 2022 and therefore, the adoption of this standard had no effect on the Organization's consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The amendments in this update apply to Not-for-Profit entities that receive contributed nonfinancial assets. Under the guidance, entities are required to (1) present contributed nonfinancial assets as a separate line item in the consolidated statement of activities, apart from contributions of cash and other financial assets and (2) disclose a disaggregation of the amount of contributed nonfinancial assets recognized within the consolidated statements of activities by category that depicts the type of contributed nonfinancial assets and certain qualitative information. This new guidance is required to be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021. The Organization adopted this standard on January 1, 2022. The standard did not have a material impact on the consolidated financial statements. The Organization has updated disclosures as necessary (See Note 11).

### **NOTE 3: LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Organization has a strong financial base with access to liquid funds. The Organization has \$36,303,324 available to meet cash needs, with \$26,303,324 of liquid financial assets and \$10,000,000 of available Line of Credit with Cadence Bank as of December 31, 2022. The Organization has \$24,210,456 available to meet cash needs, with \$21,083,752 of liquid financial assets and \$3,126,704 of available Line of Credit with Cadence Bank as of December 31, 2021. The Organization has been able to achieve this strong position over the years by investing its cash in excess of daily requirements into a balance portfolio of marketable securities. The marketable securities are designed to fund the long-term needs of the Organization, but can be made immediately available if an unforeseen liquidity need emerged.

## Houston Society for the Prevention of Cruelty to Animals Notes to Consolidated Financial Statements

### NOTE 3: LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

The following table reflects the Organization's financial assets (cash and cash equivalents, receivables and marketable securities) as of December 31, 2022 and 2021, reduced by amounts not available for general expenditures within one year.

<i>December 31,</i>	<b>2022</b>	2021
Total financial assets		
Cash and cash equivalents	\$ 7,029,823	\$ 2,891,456
Promises to give	1,643,308	2,364,312
Employee retention tax credit receivable	1,292,427	-
Other receivables	581,354	436,572
Marketable securities	18,513,013	18,919,412
Less those unavailable for general expenditure within one year due to:		
Promises to give restricted to capital, current and long-term	(1,507,646)	(2,278,908)
Marketable securities restricted to capital campaign	(27,631)	(27,768)
Marketable securities restricted to endowment - perpetual in nature	(1,221,324)	(1,221,324)
<b>Amounts available for general expenditures within one year</b>	<b>\$ 26,303,324</b>	<b>\$ 21,083,752</b>

### Note 4: PROMISES TO GIVE

Promises to give consist of the following:

<i>December 31,</i>	<b>2022</b>	2021
Due in less than one year	\$ 1,438,308	\$ 1,460,068
Due in one to five years	205,000	904,244
	<b>\$ 1,643,308</b>	<b>\$ 2,364,312</b>

### Note 5: INVESTMENTS AND FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

*Level 1:* Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

## Houston Society for the Prevention of Cruelty to Animals Notes to Consolidated Financial Statements

### Note 5: INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

*Level 2:* Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
  - observable; or
  - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3:* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

*Corporate stocks:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

*Money market funds:* Valued at the daily closing net asset value (NAV) as reported by the fund.

*Corporate bonds:* Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

*Asset-backed securities and U.S. government or agency obligations:* Valued using recent executed transactions and market price quotations and asset-backed securities which are valued by the custodian using pricing models that utilize variables such as yield curves, prepayment speeds, default rates, loss severity, interest rate volatilities and spreads.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the year ended December 31, 2022, there were no significant transfers in or out of Levels 1, 2 or 3.

## Houston Society for the Prevention of Cruelty to Animals Notes to Consolidated Financial Statements

### Note 5: INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The values of assets measured at fair value on a recurring basis are as follows:

	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
<b>December 31, 2022</b>				
Cash and money market funds	\$ 3,841,740	\$ -	\$ -	\$ 3,841,740
Corporate stocks	10,530,811	-	-	10,530,811
Mutual funds	2,027,734	-	-	2,027,734
Corporate bonds	-	808,133	-	808,133
Asset-backed securities	-	914,123	-	914,123
U.S. government or agency obligations	-	390,472	-	390,472
	<b>\$ 16,400,285</b>	<b>\$ 2,112,728</b>	<b>\$ -</b>	<b>\$ 18,513,013</b>
<b>December 31, 2021</b>				
Cash and money market funds	\$ 27,768	\$ -	\$ -	\$ 27,768
Corporate stocks	14,861,456	-	-	14,861,456
Mutual funds	2,005,136	-	-	2,005,136
Corporate bonds	-	669,843	-	669,843
Asset-backed securities	-	220,448	-	220,448
U.S. government or agency obligations	-	1,134,761	-	1,134,761
	<b>\$ 16,894,360</b>	<b>\$ 2,025,052</b>	<b>\$ -</b>	<b>\$ 18,919,412</b>

The Houston SPCA holds certain investments with UBS Financial Services, Inc. to be held for the exclusive benefit of the Houston SPCA. The Houston SPCA retains all rights to these funds and paid administrative fees totaling \$85,019 and \$79,783, for the years ended December 31, 2022 and 2021, respectively.

Investments are exposed to various risks such as interest rate risk, market and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated statements of financial position and the consolidated statements of activities.

## Houston Society for the Prevention of Cruelty to Animals Notes to Consolidated Financial Statements

### Note 6: PAYROLL PROTECTION PROGRAM LOAN

In February 2021, Houston SPCA received \$1,147,319 in second loan proceeds under the Payroll Protection Program (PPP Loan). In May 2022, the Organization received full forgiveness of principal and interest on the PPP Loan. Gain on forgiveness of the loan is recorded as revenue in the accompanying consolidated statements of activities and is also shown as a noncash reconciling item to changes in net assets in the operating section of the consolidated statements of cash flows.

### Note 7: LINE OF CREDIT

On June 15, 2016, Houston SPCA entered into a revolving line of credit agreement with Cadence Bank totaling \$10,000,000 to finance the construction of certain real property in Houston, Texas. The line of credit is collateralized by property owned by Houston SPCA in Harris County, Texas. Borrowings under the credit agreement bear interest at the greater of the effective index rate or 3.50%, and are payable monthly. The line of credit was extended in December 2020, with borrowings bearing an interest rate at a fixed rate of 3.125%. The line of credit, as amended, matures on December 10, 2025, when all outstanding principal is due. Funds will be drawn as needed. The terms of the line of credit require Houston SPCA to comply with certain reporting and financial covenants. As of December 31, 2022, and 2021, the Organization had an outstanding balance of \$0 and \$6,873,296, respectively, under the line of credit. During 2022, the line of credit balance was paid in full from the receipt of a large contribution.

### Note 8: NET ASSETS RELEASED FROM RESTRICTIONS

Net assets totaling \$7,171,892 and \$254,555 were released from donor restrictions related to capital projects for the years ended December 31, 2022 and 2021, respectively. An additional \$1,114,942 and \$260,771 were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of events specified by the donors for the years ended December 31, 2022 and 2021, respectively.

### Note 9: NET ASSETS WITH DONOR RESTRICTIONS

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

<i>December 31,</i>	<b>2022</b>	2021
Subject to expenditure for specific purpose		
Disaster relief	\$ 688,364	\$ 748,101
Programs	336,307	582,144
Subject to the Organization's spending policy and appropriation -		
Perpetual endowment fund	1,221,324	1,221,324
	<b>\$ 2,245,995</b>	<b>\$ 2,551,569</b>

## Houston Society for the Prevention of Cruelty to Animals Notes to Consolidated Financial Statements

### **Note 10: ENDOWMENT**

The Organization has donor-restricted endowment funds which are maintained in accordance with explicit donor stipulations. The Organization is subject to the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) which has been enacted by the State of Texas. Management of the Organization has interpreted TUPMIFA as requiring the 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 the interpretation, the Organization classifies as net assets with donor restriction - perpetual in nature (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulation to the donor-restricted endowment made in accordance with the direction of the applicable donor gift at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets donor restricted - perpetual in nature is available for expenditure and appropriated by the Organization in a manner consistent with the standard of prudence prescribed by TUPMIFA.

In accordance with TUPMIFA, the Organization considers the following factors in making determination to appropriate accumulated donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies and objectives of the Organization

The Walter O. Caldwell, Jr. Fund Endowment and Melvin Davis Fund Endowment (collectively, the "Endowments") were established to support the Organization and its mission into the future. These Endowments are held with an investment management firm. It was the Board of Directors' objective not to be involved in the day-to-day investing of funds and to rely on the expertise of the investment management firm and their investment policy, objectives and guidelines. Under this policy, the endowment assets are invested in accordance with the investment policies approved by the Board of Directors.

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. No deficiencies of this nature exist as of December 31, 2022 and 2021.

Houston SPCA's Board of Directors has established an Investment Portfolio Strategy policy. The Houston SPCA Finance Committee reviews the distribution policy at least annually and make recommendations to the Board of Directors based on their review. This policy does not include the Capital Campaign Fund or the Caldwell Fund.

**Houston Society for the Prevention of Cruelty to Animals**  
**Notes to Consolidated Financial Statements**

**Note 10: ENDOWMENT (Continued)**

Endowment net assets consisted of the following:

<i>December 31,</i>	<b>2022</b>	2021
Net assets (deficiency) without donor restrictions	\$ (24,829)	\$ 19,363
Donor-restricted endowment funds - original donor restricted gift amount required to be retained by the donor	<b>1,221,324</b>	1,221,324
	<b>\$ 1,196,495</b>	\$ 1,240,687

Changes in endowment net assets are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Endowment net assets, January 1, 2021</b>	\$ 15,874	\$ 1,221,324	\$ 1,237,198
Contributions	-	-	-
Investment return			
Investment income	3,489	-	3,489
Amounts appropriated for expenditure	-	-	-
<b>Endowment net assets, December 31, 2021</b>	\$ 19,363	\$ 1,221,324	\$ 1,240,687
Contributions	-	-	-
Investment return			
Investment income, net	4,737	-	4,737
Net depreciation	(48,929)	-	(48,929)
Amounts appropriated for expenditure	-	-	-
<b>Endowment net assets, December 31, 2022</b>	<b>\$ (24,829)</b>	<b>\$ 1,221,324</b>	<b>\$ 1,196,495</b>

**Note 11: DONATED GOODS AND SERVICES**

Contributed nonfinancial assets recognized within the consolidated statements of activities included:

<i>December 31</i>	<b>2022</b>	2021
Donated animal food	\$ 356,725	\$ 337,796
Donated vehicle	<b>47,000</b>	-
Special event related donations	<b>24,050</b>	-
Technical support and software services	<b>16,740</b>	16,770
	<b>\$ 444,515</b>	\$ 354,566



## Houston Society for the Prevention of Cruelty to Animals Notes to Consolidated Financial Statements

### **Note 11: DONATED GOODS AND SERVICES (Continued)**

The Organization recognized contributed nonfinancial assets within revenue, including donated animal food, a donated vehicle, special event related donations and technical support and software services. There were no donor-imposed restrictions on any of the donations and all donations were able to be used by the Organization.

The Organization received donated animal food from various donors. These donations were provided at no cost to the Organization, using current market rates provided by the donors, the Organization would have paid \$356,725 and \$337,796 for the years ended December 31, 2022 and 2021, respectively.

The Organization received a donated vehicle from a donor for operational use which is valued at the manufacturer's suggested retail price.

Special event related donations were utilized for development and are valued based on the invoices received from the vendors. Various local businesses donated materials and services totaling \$24,050 to the Organization.

The Organization was provided technical support and software services at no cost for operational purposes. Based on the current market rates for these services, the Organization would have paid \$16,740 and \$16,770 for the years ended December 31, 2022 and 2021, respectively.

### **Note 12: CONCENTRATIONS**

At times throughout the years, the Organization may maintain certain bank accounts in excess of the Federal Deposit Insurance Corporation insured limits. The Organization has not experienced any losses from maintaining cash accounts in excess of the federally insured limit. Management believes that it is not exposed to any significant credit risk on cash accounts due to the strength of the financial institutions in which the funds are held.

For the year ended December 31, 2022 two donors accounted for 54% of total revenue.

As of December 31, 2022 and 2021, amounts due from three donors accounted for 93% and 92%, respectively, of outstanding promises to give.

### **Note 13: DEFINED CONTRIBUTION PLAN**

The Organization provides a defined contribution plan under Section 403(b) of the Internal Revenue Code. Under the plan, eligible employees may contribute up to eighty-five percent of their salary but not to exceed the legal limit. The Organization's match is equal to fifty percent of eligible employee contributions up to a maximum contribution of three percent of the participant's compensation. Organization contributions totaled \$60,981 and \$46,926 for the years ended December 31, 2022 and 2021, respectively.

## **CONSOLIDATING INFORMATION**

## Houston Society for the Prevention of Cruelty to Animals Consolidating Statements of Financial Position

<i>December 31, 2022</i>	Houston SPCA	Wildlife Center of Texas	Eliminations	Consolidated Total
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 6,862,191	\$ 167,632	\$ -	\$ 7,029,823
Marketable securities - short term	-	3,814,108	-	3,814,108
Promises to give	135,662	-	-	135,662
Promises to give - capital campaign	1,302,646	-	-	1,302,646
Other receivables	581,354	-	-	581,354
Employee retention tax credit receivable	1,292,427	-	-	1,292,427
Due from affiliate	1,332,447	-	(1,332,447)	-
Prepaid expenses	287,486	9,129	-	296,615
<b>Total current assets</b>	<b>11,794,213</b>	<b>3,990,869</b>	<b>(1,332,447)</b>	<b>14,452,635</b>
Property and equipment				
Land	7,005,836	-	-	7,005,836
Buildings and improvements	45,676,361	-	-	45,676,361
Property improvements	212,196	-	-	212,196
Furniture and equipment	2,870,094	155,208	-	3,025,302
Accumulated depreciation	(9,205,646)	(106,278)	-	(9,311,924)
<b>Property and equipment, net</b>	<b>46,558,841</b>	<b>48,930</b>	<b>-</b>	<b>46,607,771</b>
Long-term assets				
Marketable securities	13,449,950	-	-	13,449,950
Marketable securities restricted for endowment	1,221,324	-	-	1,221,324
Marketable securities restricted for capital campaign	27,631	-	-	27,631
Promises to give - capital campaign	205,000	-	-	205,000
<b>Total long-term assets</b>	<b>14,903,905</b>	<b>-</b>	<b>-</b>	<b>14,903,905</b>
<b>Total assets</b>	<b>\$ 73,256,959</b>	<b>\$ 4,039,799</b>	<b>\$ (1,332,447)</b>	<b>\$ 75,964,311</b>

(Continued)

## Houston Society for the Prevention of Cruelty to Animals Consolidating Statements of Financial Position (Continued)

<i>December 31, 2022</i>	Houston SPCA	Wildlife Center of Texas	Eliminations	Consolidated Total
<b>Liabilities and net assets</b>				
Current liabilities				
Accounts payable	\$ 154,338	\$ 5,076	\$ -	\$ 159,414
Accrued payroll and benefits	272,412	-	-	272,412
Due to affiliate	-	1,332,447	(1,332,447)	-
Deferred revenue	-	3,500	-	3,500
<b>Total current liabilities</b>	<b>426,750</b>	<b>1,341,023</b>	<b>(1,332,447)</b>	<b>435,326</b>
<b>Net assets</b>				
Without donor restrictions				
Property and equipment, net	46,558,841	48,930	-	46,607,771
Undesignated	24,031,445	2,643,774	-	26,675,219
<b>Total without donor restrictions</b>	<b>70,590,286</b>	<b>2,692,704</b>	<b>-</b>	<b>73,282,990</b>
<b>With donor restrictions</b>	<b>2,239,923</b>	<b>6,072</b>	<b>-</b>	<b>2,245,995</b>
<b>Total net assets</b>	<b>72,830,209</b>	<b>2,698,776</b>	<b>-</b>	<b>75,528,985</b>
<b>Total liabilities and net assets</b>	<b>\$ 73,256,959</b>	<b>\$ 4,039,799</b>	<b>\$ (1,332,447)</b>	<b>\$ 75,964,311</b>

## Houston Society for the Prevention of Cruelty to Animals Consolidating Statements of Financial Position

<i>December 31, 2021</i>	Houston SPCA	Wildlife Center of Texas	Eliminations	Consolidated Total
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 2,324,573	\$ 566,883	\$ -	\$ 2,891,456
Promises to give	85,404	-	-	85,404
Promises to give - capital campaign	1,374,664	-	-	1,374,664
Other receivables	436,572	-	-	436,572
Due from affiliate	1,229,386	-	(1,229,386)	-
Prepaid expenses	254,404	198	-	254,602
<b>Total current assets</b>	<b>5,705,003</b>	<b>567,081</b>	<b>(1,229,386)</b>	<b>5,042,698</b>
Property and equipment				
Land	7,005,836	-	-	7,005,836
Buildings and improvements	45,664,835	-	-	45,664,835
Property improvements	167,132	-	-	167,132
Furniture and equipment	2,563,225	108,208	-	2,671,433
Accumulated depreciation	(7,824,038)	(102,858)	-	(7,926,896)
<b>Property and equipment, net</b>	<b>47,576,990</b>	<b>5,350</b>	<b>-</b>	<b>47,582,340</b>
Long-term assets				
Marketable securities	17,670,320	-	-	17,670,320
Marketable securities restricted for endowment	1,221,324	-	-	1,221,324
Marketable securities restricted for capital campaign	27,768	-	-	27,768
Promises to give - capital campaign	904,244	-	-	904,244
<b>Total long-term assets</b>	<b>19,823,656</b>	<b>-</b>	<b>-</b>	<b>19,823,656</b>
<b>Total assets</b>	<b>\$ 73,105,649</b>	<b>\$ 572,431</b>	<b>\$ (1,229,386)</b>	<b>\$ 72,448,694</b>

(Continued)

## Houston Society for the Prevention of Cruelty to Animals Consolidating Statements of Financial Position (Continued)

<i>December 31, 2021</i>	Houston SPCA	Wildlife Center of Texas	Eliminations	Consolidated Total
<b>Liabilities and net assets</b>				
Current liabilities				
Accounts payable	\$ 102,286	\$ 9,124	\$ -	\$ 111,410
Accrued payroll and benefits	123,763	-	-	123,763
Due to affiliate	-	1,229,386	(1,229,386)	-
Deferred revenue	23,000	3,500	-	26,500
Note payable - PPP loan	1,147,319	-	-	1,147,319
<b>Total current liabilities</b>	<b>1,396,368</b>	<b>1,242,010</b>	<b>(1,229,386)</b>	<b>1,408,992</b>
Long-term liabilities				
Line of credit	6,873,296	-	-	6,873,296
<b>Total liabilities</b>	<b>8,269,664</b>	<b>1,242,010</b>	<b>(1,229,386)</b>	<b>8,282,288</b>
Net assets				
Without donor restrictions				
Property and equipment, net	47,576,990	5,350	-	47,582,340
Undesignated	14,713,498	(681,001)	-	14,032,497
<b>Total without donor restrictions</b>	<b>62,290,488</b>	<b>(675,651)</b>	<b>-</b>	<b>61,614,837</b>
<b>With donor restrictions</b>	<b>2,545,497</b>	<b>6,072</b>	<b>-</b>	<b>2,551,569</b>
<b>Total net assets</b>	<b>64,835,985</b>	<b>(669,579)</b>	<b>-</b>	<b>64,166,406</b>
<b>Total liabilities and net assets</b>	<b>\$ 73,105,649</b>	<b>\$ 572,431</b>	<b>\$ (1,229,386)</b>	<b>\$ 72,448,694</b>

## Houston Society for the Prevention of Cruelty to Animals Consolidating Statements of Activities

For the year ended December 31, 2022

	Houston SPCA			Wildlife Center of Texas			Eliminations	Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
<b>Revenue</b>								
Adoptions	\$ 789,504	\$ -	\$ 789,504	\$ -	\$ -	\$ -	\$ -	\$ 789,504
Admissions	34,834	-	34,834	99,795	-	99,795	-	134,629
Contributions	1,831,411	53,375	1,884,786	216,439	-	216,439	-	2,101,225
Contributions of nonfinancial assets	397,515	-	397,515	47,000	-	47,000	-	444,515
Online contributions	964,551	-	964,551	-	-	-	-	964,551
Direct mail	1,585,972	50	1,586,022	-	-	-	-	1,586,022
Trusts and bequests	4,648,458	495,690	5,144,148	-	-	-	-	5,144,148
Foundations	4,204,260	255,240	4,459,500	3,993,846	-	3,993,846	-	8,453,346
Capital campaign	-	7,171,892	7,171,892	-	-	-	-	7,171,892
Fundraising	978,066	5,000	983,066	53,227	-	53,227	-	1,036,293
Investment income (loss)	(4,106,768)	13	(4,106,755)	2,308	-	2,308	-	(4,104,447)
Fees for services	209,035	-	209,035	-	-	-	-	209,035
Forgiveness of PPP loan	1,147,319	-	1,147,319	-	-	-	-	1,147,319
Employee retention credit refund	1,731,321	-	1,731,321	-	-	-	-	1,731,321
Other	1,000,930	-	1,000,930	14,440	-	14,440	(256,500)	758,870
Net assets released from restrictions								
Capital projects	7,171,892	(7,171,892)	-	-	-	-	-	-
Operations	1,114,942	(1,114,942)	-	-	-	-	-	-
<b>Total revenue</b>	<b>23,703,242</b>	<b>(305,574)</b>	<b>23,397,668</b>	<b>4,427,055</b>	<b>-</b>	<b>4,427,055</b>	<b>(256,500)</b>	<b>27,568,223</b>
<b>Expenses</b>								
Program services	12,502,428	-	12,502,428	958,285	-	958,285	(256,500)	13,204,213
Management and general	860,515	-	860,515	34,568	-	34,568	-	895,083
Fundraising	2,040,501	-	2,040,501	65,847	-	65,847	-	2,106,348
<b>Total expenses</b>	<b>15,403,444</b>	<b>-</b>	<b>15,403,444</b>	<b>1,058,700</b>	<b>-</b>	<b>1,058,700</b>	<b>(256,500)</b>	<b>16,205,644</b>
Changes in net assets	8,299,798	(305,574)	7,994,224	3,368,355	-	3,368,355	-	11,362,579
Net assets (deficit) at beginning of year	62,290,488	2,545,497	64,835,985	(675,651)	6,072	(669,579)	-	64,166,406
Net assets at end of year	\$ 70,590,286	\$ 2,239,923	\$ 72,830,209	\$ 2,692,704	\$ 6,072	\$ 2,698,776	\$ -	\$ 75,528,985

## Houston Society for the Prevention of Cruelty to Animals Consolidating Statements of Activities

For the year ended December 31, 2021

	Houston SPCA			Wildlife Center of Texas			Eliminations	Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
<b>Revenue</b>								
Adoptions	\$ 596,910	\$ -	\$ 596,910	\$ -	\$ -	\$ -	\$ -	\$ 596,910
Admissions	36,437	-	36,437	104,279	-	104,279	-	140,716
Contributions	1,416,525	154,532	1,571,057	267,268	-	267,268	-	1,838,325
Contributions of nonfinancial assets	354,566	-	354,566	-	-	-	-	354,566
Online contributions	1,117,840	-	1,117,840	-	-	-	-	1,117,840
Direct mail	1,979,694	2,483	1,982,177	-	-	-	-	1,982,177
Trusts and bequests	3,572,993	-	3,572,993	-	-	-	-	3,572,993
Foundations	917,707	425,852	1,343,559	723,231	-	723,231	-	2,066,790
Capital campaign	-	254,555	254,555	-	-	-	-	254,555
Fundraising	1,063,214	300	1,063,514	49,604	-	49,604	-	1,113,118
Investment income	2,349,351	4	2,349,355	-	-	-	-	2,349,355
Fees for services	225,307	-	225,307	-	-	-	-	225,307
Forgiveness of PPP loan	1,137,847	-	1,137,847	-	-	-	-	1,137,847
Other	873,821	-	873,821	4,756	-	4,756	(256,500)	622,077
Net assets released from restrictions								
Capital projects	254,555	(254,555)	-	-	-	-	-	-
Operations	260,771	(260,771)	-	-	-	-	-	-
<b>Total revenue</b>	<b>16,157,538</b>	<b>322,400</b>	<b>16,479,938</b>	<b>1,149,138</b>	<b>-</b>	<b>1,149,138</b>	<b>(256,500)</b>	<b>17,372,576</b>
<b>Expenses</b>								
Program services	11,939,270	-	11,939,270	893,899	-	893,899	(256,500)	12,576,669
Management and general	792,344	-	792,344	42,823	-	42,823	-	835,167
Fundraising	2,010,514	-	2,010,514	73,915	-	73,915	-	2,084,429
<b>Total expenses</b>	<b>14,742,128</b>	<b>-</b>	<b>14,742,128</b>	<b>1,010,637</b>	<b>-</b>	<b>1,010,637</b>	<b>(256,500)</b>	<b>15,496,265</b>
Changes in net assets	1,415,410	322,400	1,737,810	138,501	-	138,501	-	1,876,311
Net assets (deficit) at beginning of year	60,875,078	2,223,097	63,098,175	(814,152)	6,072	(808,080)	-	62,290,095
Net assets (deficit) at end of year	\$ 62,290,488	\$ 2,545,497	\$ 64,835,985	\$ (675,651)	\$ 6,072	\$ (669,579)	\$ -	\$ 64,166,406