

**LOUISIANA SOCIETY FOR THE PREVENTION**  
**OF CRUELTY TO ANIMALS**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEARS ENDED**  
**DECEMBER 31, 2021 AND 2020**



**ERICKSEN KRENTEL**<sup>LLP</sup>  
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Louisiana Society for the Prevention of Cruelty to Animals  
New Orleans, Louisiana

### **Opinion**

We have audited the accompanying consolidated financial statements of Louisiana Society for the Prevention of Cruelty to Animals (a nonprofit organization) and subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, 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 Louisiana Society for the Prevention of Cruelty to Animals and subsidiaries as of December 31, 2021 and 2020, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Louisiana Society for the Prevention of Cruelty to Animals and subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Consolidated 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; 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.

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 Louisiana Society for the Prevention of Cruelty to Animals and subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.



To the Board of Directors of  
Louisiana Society for the Prevention of Cruelty to Animals

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

August 16, 2022  
New Orleans, Louisiana

*Ericksen Krentel, LLP*  
Certified Public Accountants

**LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
DECEMBER 31, 2021 AND 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
<b><u>CURRENT ASSETS:</u></b>		
Cash and cash equivalents	\$ 4,201,185	\$ 4,247,765
Receivables:		
Accounts receivable	226,976	79,930
Contract receivables	880,595	376,728
Grant receivable	-	8,355
Medical supplies inventory	-	113,439
Retail inventory	137,115	137,121
Prepaid expenses	157,208	123,903
Property held for sale	-	370,000
Total current assets	<u>5,603,079</u>	<u>5,457,241</u>
<b><u>INVESTMENTS:</u></b>		
Operating fund	1,040,101	-
Endowment fund	<u>12,474,071</u>	<u>11,276,904</u>
Total investments	<u>13,514,172</u>	<u>11,276,904</u>
<b><u>PROPERTY AND EQUIPMENT:</u></b>		
Land	971,927	971,927
Buildings	23,459,987	23,459,987
Equipment	3,549,183	3,320,475
Furniture and fixtures	647,979	647,979
Construction in progress	<u>8,870</u>	<u>8,870</u>
Total property and equipment	28,637,946	28,409,238
Less: accumulated depreciation	<u>(9,019,589)</u>	<u>(8,216,689)</u>
Net property and equipment	<u>19,618,357</u>	<u>20,192,549</u>
<b><u>OTHER ASSETS:</u></b>		
Deposits	<u>8,813</u>	<u>8,813</u>
Total other assets	<u>8,813</u>	<u>8,813</u>
Total assets	<u>\$ 38,744,421</u>	<u>\$ 36,935,507</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
DECEMBER 31, 2021 AND 2020

**LIABILITIES AND NET ASSETS**

	<u>2021</u>	<u>2020</u>
<b><u>CURRENT LIABILITIES:</u></b>		
Accounts payable	\$ 497,107	\$ 423,692
Accrued salaries and related expenses	151,553	159,081
Deferred revenues	1,086	9,625
Current portion of capital leases	<u>11,738</u>	<u>2,226</u>
Total current liabilities	<u>661,484</u>	<u>594,624</u>
<b><u>LONG-TERM LIABILITIES:</u></b>		
Capital leases	<u>33,152</u>	<u>8,196</u>
Total long-term liabilities	<u>33,152</u>	<u>8,196</u>
Total liabilities	<u>694,636</u>	<u>602,820</u>
<b><u>NET ASSETS:</u></b>		
Net assets without donor restrictions:		
Board designated	12,474,071	11,276,904
Undesignated	<u>24,321,708</u>	<u>24,579,406</u>
Total net assets without donor restrictions	<u>36,795,779</u>	<u>35,856,310</u>
Net assets with donor restrictions	<u>1,254,006</u>	<u>476,377</u>
Total net assets	<u>38,049,785</u>	<u>36,332,687</u>
Total liabilities and net assets	<u>\$ 38,744,421</u>	<u>\$ 36,935,507</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b><u>REVENUES AND SUPPORT:</u></b>			
Contract revenues	\$ 2,389,049	\$ -	\$ 2,389,049
Bequests	382,380	-	382,380
Grants and contributions	1,947,491	1,218,722	3,166,213
Special event revenues	163,873	-	163,873
Service fees	1,669,654	-	1,669,654
On-site retail sales	470,444	-	470,444
Thrift store retail sales	-	-	-
Investment income, net	1,703,321	-	1,703,321
Litigation settlement	-	-	-
Loss on sale of asset	<u>(81,495)</u>	<u>-</u>	<u>(81,495)</u>
 Total public support and other revenues	 <u>8,644,717</u>	 <u>1,218,722</u>	 <u>9,863,439</u>
 Net assets released from restrictions	 <u>441,093</u>	 <u>(441,093)</u>	 <u>-</u>
 Total revenues and support	 <u>9,085,810</u>	 <u>777,629</u>	 <u>9,863,439</u>
<b><u>EXPENSES:</u></b>			
Program services:			
Animal services	3,196,622	-	3,196,622
Clinic	2,880,800	-	2,880,800
Other programs	1,219,524	-	1,219,524
Supporting services:			
Fundraising	767,586	-	767,586
Management and general	<u>81,809</u>	<u>-</u>	<u>81,809</u>
 Total expenses	 <u>8,146,341</u>	 <u>-</u>	 <u>8,146,341</u>
 Change in net assets	 939,469	 777,629	 1,717,098
 Net assets at beginning of year	 <u>35,856,310</u>	 <u>476,377</u>	 <u>36,332,687</u>
 Net assets at end of year	 <u>\$ 36,795,779</u>	 <u>\$ 1,254,006</u>	 <u>\$ 38,049,785</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b><u>REVENUES AND SUPPORT:</u></b>			
Contract revenues	\$ 2,445,368	\$ -	\$ 2,445,368
Bequests	321,207	-	321,207
Grants and contributions	2,507,342	623,997	3,131,339
Special event revenues	-	-	-
Service fees	1,480,805	-	1,480,805
On-site retail sales	581,906	-	581,906
Thrift store retail sales	43,405	-	43,405
Investment income, net	990,630	-	990,630
Litigation settlement	366,406	-	366,406
	<u>8,737,069</u>	<u>623,997</u>	<u>9,361,066</u>
Total public support and other revenues			
Net assets released from restrictions	<u>564,843</u>	<u>(564,843)</u>	<u>-</u>
	<u>9,301,912</u>	<u>59,154</u>	<u>9,361,066</u>
Total revenues and support			
<b><u>EXPENSES:</u></b>			
Program services:			
Animal services	3,146,700	-	3,146,700
Clinic	2,733,094	-	2,733,094
Other programs	1,107,594	-	1,107,594
Supporting services:			
Fundraising	733,870	-	733,870
Management and general	73,669	-	73,669
	<u>7,794,927</u>	<u>-</u>	<u>7,794,927</u>
Total expenses			
Change in net assets	1,506,985	59,154	1,566,139
Net assets at beginning of year, as restated	<u>34,349,325</u>	<u>417,223</u>	<u>34,766,548</u>
Net assets at end of year, as restated	<u>\$ 35,856,310</u>	<u>\$ 476,377</u>	<u>\$ 36,332,687</u>

See accompanying NOTES TO FINANCIAL STATEMENTS



**LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services			Supporting Services		Total
	Animal Services	Clinic	Other Programs	Fundraising	Management and General	
Salaries	\$ 1,528,386	\$ 1,074,655	\$ 605,543	\$ 209,743	\$ 40,399	\$ 3,458,726
Payroll taxes and employee benefits	239,834	172,014	90,344	40,414	6,228	548,834
Total salaries and related expenses	1,768,220	1,246,669	695,887	250,157	46,627	4,007,560
Depreciation	272,698	335,054	124,703	47,322	15,085	794,862
Feed/medical supplies	131,514	401,914	91,212	4,682	2	629,324
Retail	2,115	406,139	-	-	-	408,254
General insurance	175,617	129,554	57,641	14,759	4,440	382,011
Vet care	161,253	67,564	15,713	-	-	244,530
Printing and stationery	12,825	1,099	1,121	32,739	70	47,854
Equipment rental	22,455	8,180	678	2,283	59	33,655
Occupancy expenses	239,972	122,359	74,821	54,546	3,954	495,652
Miscellaneous	101,152	24,281	19,354	14,620	3,429	162,836
Contract labor	146,290	45,917	102,478	280,265	6,933	581,883
Professional services	31,588	39,671	10,256	32,503	998	115,016
Maintenance/repairs	102,750	47,930	21,760	6,773	-	179,213
Travel, meals and meetings	28,173	4,469	3,900	26,937	212	63,691
Total expenses	<u>\$ 3,196,622</u>	<u>\$ 2,880,800</u>	<u>\$ 1,219,524</u>	<u>\$ 767,586</u>	<u>\$ 81,809</u>	<u>\$ 8,146,341</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Services			Supporting Services		Total
	Animal Services	Clinic	Other Programs	Fundraising	Management and General	
Salaries	\$ 1,490,187	\$ 1,104,711	\$ 631,444	\$ 232,573	\$ 43,969	\$ 3,502,884
Payroll taxes and employee benefits	240,417	168,689	77,780	45,572	5,893	538,351
Total salaries and related expenses	1,730,604	1,273,400	709,224	278,145	49,862	4,041,235
Depreciation	371,469	320,680	86,900	36,316	7,100	822,465
Feed/medical supplies	142,130	292,516	18,960	15,770	18	469,394
Retail	-	399,487	1,228	8,198	-	408,913
General insurance	170,211	130,726	39,894	12,977	3,675	357,483
Vet care	145,302	55,062	8,649	1,034	-	210,047
Printing and stationery	8,260	1,748	3,551	217,910	37	231,506
Equipment rental	13,914	9,786	33,076	2,839	82	59,697
Occupancy expenses	236,402	111,625	65,368	74,501	3,063	490,959
Miscellaneous	114,822	20,980	21,570	15,027	2,437	174,836
Contract labor	34,745	23,343	86,838	41,279	4,036	190,241
Professional services	38,327	41,514	8,906	22,317	2,057	113,121
Maintenance/repairs	128,793	46,555	16,704	4,510	785	197,347
Travel, meals and meetings	11,721	5,672	6,726	3,047	517	27,683
Total expenses	<u>\$ 3,146,700</u>	<u>\$ 2,733,094</u>	<u>\$ 1,107,594</u>	<u>\$ 733,870</u>	<u>\$ 73,669</u>	<u>\$ 7,794,927</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b><u>CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</u></b>		
Change in net assets	\$ 1,717,098	\$ 1,566,139
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	794,862	822,465
Change in present value discount	-	(4,225)
Net realized and unrealized (gain) on investments	(1,126,949)	(616,464)
Net loss on disposition of property	81,495	-
Donated property held for sale	-	(370,000)
Donated investmetns	(38,545)	-
(Increase) decrease in:		
Account receivable	(147,046)	55,174
Contract receivable	(503,867)	(36,875)
Grant receivable	8,355	(8,355)
Unconditional promises to give	-	200,000
Medical supplies inventory	113,439	(17,852)
Retail inventory	6	58,612
Prepaid expenses	(33,305)	24,737
Deposits	-	5,000
Increase (decrease) in:		
Accounts payable	73,415	(161)
Accrued salaries and related expenses	(7,528)	25,532
Deferred revenues	(8,539)	(12,875)
	<u>922,891</u>	<u>1,690,852</u>
<b><u>CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES:</u></b>		
Purchases of property and equipment	(175,255)	(83,225)
Proceeds from sale of property and equipment	293,653	-
Purchases of investments	(7,220,823)	(2,282,820)
Proceeds from the maturity and sale of investments	<u>6,149,049</u>	<u>2,405,638</u>
	<u>(953,376)</u>	<u>39,593</u>
<b><u>CASH FLOWS PROVIDED BY (USED FOR) FINANCING ACTIVITIES:</u></b>		
Principal payments made on capital leases	<u>(16,095)</u>	<u>(3,676)</u>
	<u>(16,095)</u>	<u>(3,676)</u>
Net increase (decrease) in cash and cash equivalents	(46,580)	1,726,769
Cash and cash equivalents at beginning of year	<u>4,247,765</u>	<u>2,520,996</u>
Cash and cash equivalents at end of year	<u>\$ 4,201,185</u>	<u>\$ 4,247,765</u>
<b><u>Supplemental disclosure of non-cash investing and financing activities:</u></b>		
Donation of property held for sale	\$ -	\$ 370,000
Disposal of fully-depreciated property and equipment	\$ -	\$ 145,105
Capital lease of equipment	\$ 50,563	\$ 12,000

**LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS**

**Organization**

Louisiana Society for the Prevention of Cruelty to Animals (the “LASPCA”) is chartered in the State of Louisiana as a not-for-profit organization. LASPCA is classified as “not a private foundation” within the meaning of Section 509(a) of the Internal Revenue Code. It is an organization, as described in Section 170(b)(1)(A)(vi) of the Internal Revenue Code, that normally receives a substantial part of its support from direct or indirect contributions from the general public. LASPCA operates two animal shelters, veterinary clinic, rabies program, provides humane education and public relation services to the local community and provides animal control services for the City of New Orleans.

**Principles of Consolidation**

The consolidated financial statements include the accounts of LASPCA and its subsidiaries LA/SPCA Holdings, LLC, New Orleans Humane Law & Rescue, Inc. (NOHLR), The Louisiana Society for the Prevention of Cruelty to Animals Plaquemines Campus, LLC (Plaquemines Campus), and Louisiana SPCA Foundation, Inc. (Foundation). All significant intercompany transactions have been eliminated in consolidation.

NOHLR and Plaquemines Campus are consolidated due to shared management and a shared board of directors with LASPCA.

The Foundation is consolidated due to (1) a shared management between the LASPCA and the Foundation, (2) the LASPCA appoints the voting majority of the Foundation’s board of directors and (3) the Foundation operates exclusively for the benefit of the LASPCA.

**Basis of Accounting and Financial Reporting Framework**

The financial statements of the LASPCA have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities in accordance with accounting principles generally accepted in the United States of America promulgated by the Financial Accounting Standards Board (FASB).

The financial statement presentation follows the recommendations of the FASB in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, the LASPCA is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of LASPCA. These net assets may be used at the discretion of the LASPCA’s management and the board of directors. The revenues received in conducting the mission of LASPCA are included in this category.

**LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2021 AND 2020**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS (CONTINUED)**

**Basis of Accounting and Financial Reporting Framework (continued)**

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of LASPCA or by the passage of time. Other donor restrictions are perpetual in nature, whereby, the donor has stipulated the funds be maintained in perpetuity.

**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 support and revenues and expenses during the period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, LASPCA considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents. Cash equivalents do not include cash and money funds that are included within investments.

**Accounts, Contracts, and Grants Receivable**

LASPCA receives funding from local agencies for administering various grants and also receives payment for services rendered from its clinic operations. Management monitors the receivables and assesses the collectability of accounts on a monthly basis. LASPCA records an allowance for uncollectible accounts based on an assessment of the receivables, taking into consideration the nature of the account and aging of the balance. For the years ended December 31, 2021 and 2020, management has determined that all amounts were collectible and no allowance was necessary.

**Promises to Give**

Unconditional promises to give are recognized as revenues in the period the pledge is received. The pledges are recorded at the net present value of estimated future cash flows using an appropriate discount rate. Additionally, LASPCA evaluates the collectability of pledges receivable and provides for an allowance when appropriate. Conditional promises to give are recognized as revenues only when the conditions attached to the pledge are substantially met.

**LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2021 AND 2020**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS (CONTINUED)**

**Inventory**

Inventory is valued at the lower of cost, fair value at the date of donation, or net realizable value. Cost is determined by the first-in, first-out method.

**Investments**

Investments are stated at fair value. There are no donor-restricted investments at December 31, 2021 and 2020. Gains and losses on investments are reported on the statement of activities as increases or decreases in net assets without donor restrictions. Dividends, interest and other investment income are reported in the period earned in the statement of activities as increases in net assets without donor restrictions. Investment return is presented net of investment fees.

LASPCA discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. Investments are recorded at fair value on a recurring basis. Nonrecurring fair value adjustments, if any, would typically involve donated property, plant and equipment. There were no material nonrecurring fair value adjustments in 2021 and 2020. The three levels of the fair value hierarchy are described below:

Level 1 lies at the top of the hierarchy. Inputs are quoted prices in active markets.

Level 2 inputs are in the middle of the hierarchy, where data is adjusted from similar items traded in markets that are active markets or from identical or similar items in markets that are not active. Level 2 inputs do not stem directly from quoted prices.

Level 3 inputs are unobservable and require the entity to develop its own assumptions

For assets that are measured at fair value on a recurring basis in periods after initial recognition, there were no transfers between Levels 1 and 2, or transfers into and out of Level 3 in 2021 or 2020. If such transfers were to occur, they would be recognized as of the actual date of the event.

No level 2 or level 3 inputs were used by the LASPCA during 2021 or 2020.

LASPCA's measurements of fair value are made on a recurring basis, and their valuation techniques (no changes in 2021 or 2020) for assets and liabilities recorded at fair value are as follows:

Mutual Funds – Valued at the net asset value of shares on the last trading day of the fiscal year, which is the basis of transactions at that date.

Equities and exchange traded funds – Valued at the quoted market price of shares on the last trading day of the year.

**LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2021 AND 2020**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS (CONTINUED)**

**Investments (continued)**

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

**Endowment Fund**

FASB ASC 958 provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). It also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA (see Note 5). In 2010, the State of Louisiana adopted UPMIFA. LASPCA did not have any donor-restricted endowment funds during 2021 or 2020.

**Property and Equipment and Depreciation**

Buildings are being depreciated over their estimated useful lives of 40 years using the straight-line method of depreciation. Equipment and furniture are depreciated over their estimated useful lives which range from 2 to 7 years using the straight-line method of depreciation. Depreciable assets are valued at cost if purchased or fair value if contributed. It is LASPCA's policy to capitalize assets costing \$1,000 or more. Depreciation expense for the years ended December 31, 2021 and 2020 was \$794,862 and \$822,465, respectively.

**Compensation for Future Absences**

LASPCA has accrued compensation for future absences. LASPCA's vacation policy is that when proper notice of resignation or termination is given the employee will be paid for accumulated vacation. Sick leave may be carried over to the next year, but LASPCA does not compensate for accumulated sick leave time upon termination of employment. Accrued compensated absences as of December 31, 2021 and 2020 were \$51,281 and \$76,798, respectively. These amounts are included in accrued salaries and related expenses on the consolidated statements of financial position.

**Board Designated Endowment Fund**

The LASPCA's governing board has designated \$12,474,071 and \$11,276,904 from net assets without donor restrictions to serve as an endowment fund as of December 31, 2021 and 2020, respectively.

**LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2021 AND 2020**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS (CONTINUED)**

**Revenue Recognition**

City Contract Revenues

The LASPCA provides animal control and sheltering services to the City of New Orleans and Plaquemines Parish under contracts that are renewed annually. Revenue under these contracts is recognized ratably over the year as the service is provided. The LASPCA receives a set amount on a monthly basis under the terms of the contracts.

Grants and Contributions

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Support from contributions is recognized either on receipt or upon receiving an unconditional pledge or promise to give from a donor. Unconditional contributions are reported as unrestricted support which increases net assets without donor restrictions. LASPCA reports contributions of cash and other assets as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period that they are received are reported as net assets without donor restriction.

LASPCA reports contributions of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire or improve long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, LASPCA reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated services are recognized as contributions in accordance with ASC 958 if the services: (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by LASPCA. The members of the Board of Directors serve without compensation. Volunteers also provide animal care and fundraising services throughout the year. These services are not recognized as contributions in the financial statements since recognition criteria under ASC 958 were not met.



**LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2021 AND 2020**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS (CONTINUED)**

**Revenue Recognition (Continued)**

Special Events

The LASPCA receives revenues from special events. During the year ended December 31, 2021, the LASPCA held one major event. During 2020, no major special events were held as a result of the COVID-19 pandemic. A portion of special event revenues is recognized as a contribution at the time of the ticket purchase. These amounts are reported to the donor as tax-deductible when received. The remainder of special event revenues are recognized when the event takes place as the event is the relevant performance obligation.

Service Fees

Service fees include adoptions, clinical medical services, spay and neuter fees, heartworm tags, and other services rendered to pet owners or veterinary clinics. These services are generally considered to contain a single performance obligation that is satisfied at a point in time and revenue is recognized when the service is provided. It is the policy of the LASPCA to not refund these fees.

Retail Sales

Revenue from merchandise sales is recognized when the customer receives and pays for the merchandise. Sales taxes collected from customers are excluded from revenue. The LASPCA does not have any financing components as payment is received at the point of sale. Returns are expected to be insignificant.

**Income Taxes**

LASPCA and Foundation are exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. There was no income tax on unrelated business income accrued in 2021 or 2020. Management also believes that all tax positions would be sustained if audited. There were no penalties or interest on income tax positions incurred in 2021 or 2020, but, if incurred, they would be classified in the statement of activities as a management and general expense.

LASPCA's tax filings for the years ended December 31, 2018 through the current year are open to audit under statute of limitations by the Internal Revenue Service.

**Advertising Costs**

Advertising costs are expensed in the period incurred. No costs are capitalized. Advertising costs charged to expense during the years ended December 31, 2021 and 2020 totaled \$6,210 and \$14,584, respectively.

**LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2021 AND 2020

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS (CONTINUED)**

**Assets Held for Sale**

During 2020, the LASPCA received a donation of real property with a fair market value of \$370,000. Management intended to sell the property and therefore recorded the property at fair market value and separated it from other long-lived property on the balance sheet. The property was sold in March of 2021 for \$293,653. The LASPCA incurred additional costs related to the sale of \$5,148 and recognized a loss on the sale of \$81,495.

**Functional Expenses**

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the LASPCA.

**Date of Management's Review**

Subsequent events have been valued through August 16, 2022, which is the date the financial statements were available to be issued.

**(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the LASPCA's financial assets as of December 31, 2021 and 2020, respectively, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include amounts set aside for long-term investing in the endowment fund that could be drawn upon if the governing board approves that action. However, amounts already appropriated from the endowment for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

	<u>2021</u>	<u>2020</u>
Financial assets, at year end	\$ 18,822,928	\$ 15,989,682
Less those unavailable for general expenditure within one year due to:		
Board designated endowment fund	<u>(11,977,088)</u>	<u>(10,772,015)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,845,840</u>	<u>\$ 5,217,667</u>

**LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2021 AND 2020

**(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)**

As part of the LASPCA's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As described in Note 5, the LASPCA has assets held in an endowment which are in excess of amounts needed for daily cash requirements. Although the LASPCA does not intend to spend from its assets held at the Foundation other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from the assets could be made available if necessary.

To help the LASPCA manage its unanticipated liquidity needs, the LASPCA has a line of credit in the amount of \$500,000 as described in Note 6.

**(3) PROMISES TO GIVE**

LASPCA has received an unconditional, unrestricted, multiple year pledge in perpetuity of only the income from a \$200,000 bequest from an estate to The Greater New Orleans Foundation. The fair value of this income cannot be reasonably estimated as it is under the control of The Greater New Orleans Foundation, which is an unrelated non-profit organization. As such, this pledge is not included in the above total.

**(4) INVESTMENTS**

The fair value of investments are determined by quoted prices in active markets for identical assets (Level 1) and are as follows at December 31:

	2021	2020
Cash and money fund accounts	\$ 1,019,506	\$ 110,953
Exchange traded funds	2,969,844	2,945,943
Equities	14,299	2,130,315
Mutual funds	9,510,523	6,089,693
Total investments	\$ 13,514,172	\$ 11,276,904

The following schedule summarizes the investment return and its classification in the consolidated statement of activities for the years ended December 31:

	2021	2020
Interest and dividend income	\$ 644,011	\$ 440,017
Realized gains	-	442,580
Unrealized gains/(losses)	1,129,585	173,884
Investment management fees	(70,275)	(65,851)
Total investment income/(loss)	\$ 1,703,321	\$ 990,630

**LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2021 AND 2020

**(5) ENDOWMENT FUND**

In 1987, the Board of Directors approved the establishment of discretionary trusts for the preservation and management of such specific funds received by LASPCA. These funds are currently being administered by investment management through Crescent Capital Consulting, LLC and Charles Schwab Institutional. A resolution of the Board of Directors limits the use of endowment funds, but allows funds to be used for operating purposes, with approval of the Board of Directors. These assets are unrestricted. The resolutions of the Board of Directors are voluntary, self-imposed limits; therefore, the income is recorded in LASPCA's other operating revenue. These assets are presented on the consolidated statements of financial position as net assets without donor restrictions – board designated.

Endowment Investment Spending Policies - LASPCA's investment spending policy is that all income earned on the Board designated endowment fund is to be reinvested or used for operating purposes, with the approval of the Board of Directors.

Endowment Investment Policies - LASPCA's investment policy is that all endowed funds will be maintained and managed within their investment pool and in accordance with their investment policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term.

At December 31, 2021 and 2020, the endowment is composed of designated net assets of \$12,474,071 and \$11,276,904, respectively.

Changes in board designated endowment funds without donor restrictions for the years ended December 31, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Beginning of year	\$ 11,276,904	\$ 10,783,258
Contributions	-	-
Interest and dividend income, net	573,798	374,166
Net realized and unrealized gain (loss)	1,126,974	616,464
Distribution from board designated endowment pursuant to distribution policy	<u>(503,605)</u>	<u>(496,984)</u>
End of year	<u>\$ 12,474,071</u>	<u>\$ 11,276,904</u>

**(6) BANK LINE OF CREDIT**

LASPCA has a \$500,000 working capital line of credit available from Hancock Whitney Bank. The line matures annually on October 30 and has a current maturity of October 30, 2022. The line of credit is secured by deposit accounts. Terms of repayment call for monthly payments of interest at the prime lending rate, which is currently 4.75%. There was no outstanding principal balance under this line for the years ended December 31, 2021 and 2020.

**LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2021 AND 2020

**(7) NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at December 31, 2021 and 2020 were available for the following purposes:

	<u>2021</u>	<u>2020</u>
Animal adoptions	\$ 147,185	\$ 75,000
Animal cruelty programs	5,479	5,479
Disaster response programs	575,727	102,209
Education programs	95,180	14,075
Equipment	207,245	-
Feral cat programs	17,503	27,461
Foster care programs	24,628	14,768
Heartworm treatment	33,272	67,084
Plaquemines activities	13,263	-
Spay/neuter programs	98,927	102,573
Training programs	4,656	4,725
Transportation programs	14,781	19,818
Other - various	<u>16,160</u>	<u>43,185</u>
Total net assets with donor restrictions	<u>\$ 1,254,006</u>	<u>\$ 476,377</u>

Included in "other" are individual temporarily restricted items ranging from approximately \$100 to \$15,000 at December 31, 2021 and \$100 to \$20,000 at December 31, 2020.

**(8) RELEASE OF NET ASSETS WITH DONOR RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes. Purpose restrictions accomplished were \$441,093 and \$564,843 in 2021 and 2020, respectively.

**(9) CONTRACT REVENUES**

LASPCA contracts annually with the City of New Orleans through a cooperative endeavor agreement to operate an animal shelter and provide animal control services. Under the terms of the agreements, the LASPCA received \$2,019,049 and \$2,075,368 for the years ended December 31, 2021 and 2020, respectively. LASPCA would also be eligible to retain any and all adoption fees, wellness clinic fees, rabies vaccination fees, surrender fees, and grants or donations obtained from its sheltering operations.

**LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2021 AND 2020**

**(9) CONTRACT REVENUES (CONTINUED)**

Beginning on January 1, 2020, LASPCA contracts annually with the Plaquemines Parish Government as the governing authority for the Parish of Plaquemines, State of Louisiana to operate an animal shelter in the Parish. The initial term of the agreement ended on July 31, 2020, which was extended to December 31, 2020. A new contract was signed for each of the years ended December 31, 2021 and 2022. Under the terms of the agreement, the LASPCA receives the use of an animal shelter and 12 equal payments of \$30,833. The value of the use of the animal shelter could not be reasonably estimated for the year ended December 31, 2020 and has not been recognized in the financial statements. For each of the years ended December 31, 2021 and 2020, the LASPCA recognized \$370,000 of contract revenues in connection with this agreement. The LASPCA would also be eligible to retain any and all adoption fees, wellness clinic fees, rabies vaccination fees, surrender fees, and grants or donations obtained from its operating of the shelter.

**(10) PAYCHECK PROTECTION PROGRAM**

During the year ended December 31, 2020, LASPCA was granted two loans under the Paycheck Protection Program “PPP” administered by a Small Business Administration (SBA) approved partner totaling \$749,600. The loans are uncollateralized and are fully guaranteed by the Federal government. The LASPCA initially recorded the loans as refundable advances and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The LASPCA has recognized \$749,600 as grant revenue for the year ended December 31, 2020.

During the year ended December 31, 2021, LASPCA was granted two loans under the Paycheck Protection Program, second draw, “PPP 2” administered by a Small Business Administration (SBA) approved partner totaling \$516,482. The loans are uncollateralized and are fully guaranteed by the Federal government. The LASPCA initially recorded the loans as refundable advances and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The LASPCA has recognized \$516,482 as grant revenue for the year ended December 31, 2021.

**(11) LITIGATION SETTLEMENT**

During 2019, LASPCA settled a lawsuit related to the construction of its main building. In exchange for a release of claims related to the damages to the building, LASPCA received rights to a settlement of \$1,166,406. The final \$366,406 was received and recognized as revenue during the year ended December 31, 2020.

**LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2021 AND 2020**

**(12) RETIREMENT PLAN**

LASPCA has a 401(k) type profit sharing plan for all eligible employees. Employees are eligible to participate in the plan if they have been employed by LASPCA for one year. LASPCA will make matching contributions in an amount equal to 50% of such contributing participant's elective deferral which does not exceed 6% of the participant's compensation. Employer contributions for 2021 and 2020 were \$44,625 and \$46,146, respectively.

**(13) RELATED PARTY TRANSACTIONS**

During 2021 and 2020, LASPCA maintained cash accounts with a financial institution which employed a family member of a board member.

**(14) CONCENTRATIONS**

LASPCA received 20% and 22% of its total revenue from its animal control contract with the City of New Orleans for the years ended December 31, 2021 and 2020, respectively. Additionally, 71% and 74% of the LASPCA's outstanding receivables were due from the City of New Orleans at December 31, 2021 and 2020, respectively.

LASPCA maintained cash accounts at local financial institutions during 2021 and 2020. The Federal Deposit Insurance Corporation provides insurance coverage under defined limits. Cash balances at financial institutions at December 31, 2021 and 2020 in excess of insured amounts were \$3,793,082 and \$3,093,187, respectively.

LASPCA held investments with three financial institutions during 2021 and one financial institution during 2020. The Securities Investor Protection Corporation (SIPC) provides insurance coverage under defined limits. Investment balances at the financial institutions at December 31, 2021 and 2020 in excess of insured amounts were \$12,474,087 and \$10,776,904, respectively.

**(15) COMMITMENTS**

**Capital Leases**

During the year ended December 31, 2015, LASPCA entered into a 60-month lease for five copiers and a 57-month lease for two copiers. These leases were non-interest bearing. The assets and liabilities under capital leases were recorded at the lesser of the present value of the minimum lease payments or the fair market value of property received. The assets were being amortized over their estimated productive life of five years.

**LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2021 AND 2020

**(15) COMMITMENTS (CONTINUED)**

**Capital Leases (Continued)**

During the year ended December 31, 2020, LASPCA entered into 60-month leases for two copiers and a postage machine. These leases are non-interest bearing. The assets and liabilities under capital leases are recorded at the lesser of the present value of the minimum lease payments or the fair market value of property received. The assets are being amortized over their estimated productive life of five years.

During the year ended December 31, 2021, LASPCA entered into a 60-month lease for six copiers. The lease is non-interest bearing. The assets and liabilities under capital leases are recorded at the lesser of the present value of the minimum lease payments or the fair market value of property received. The assets are being amortized over their estimated productive life of five years.

Future minimum lease payments under the terms of the leases as of December 31, 2021 are as follows:

2022	\$	11,042
2023		11,042
2024		11,042
2025		10,346
2026		<u>1,488</u>
 Total	 \$	 <u>44,960</u>

The cost of the equipment under capital lease at December 31, 2021 and 2020, totaled \$108,507 and \$57,945, respectively, and the related accumulated amortization at December 31, 2021 and 2020 totaled \$57,327 and \$47,456, respectively. Amortization expense of the leased equipment for the years ended December 31, 2021 and 2020 was \$9,872 and \$7,327, respectively, and is included in depreciation expense in the accompanying financial statements.

**Operating Leases**

During the year ended December 31, 2016, LASPCA entered into an operating lease for the operation of a thrift store. The lease called for monthly payments of \$6,324 with an expiration date on April 30, 2018. The lease was renewed again on May 1, 2018 requiring monthly payments of \$6,324 with an expiration date on April 30, 2020. The lease has not been subsequently renewed. Total rent expense for the year ended December 31, 2020 totaled \$31,620.

LASPCA also leases rental equipment under short-term operating lease agreements. Total rent expense of leased equipment under short-term operating leases during the years ended December 31, 2021 and 2020 totaled \$33,655 and \$59,627, respectively.



**LOUISIANA SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2021 AND 2020**

**(16) NEW ACCOUNTING PRONOUNCEMENTS**

The FASB has issued Accounting Standards Update (Update) No. 2016-02, “*Leases*.” This Update seeks to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and by disclosing key information about leasing arrangements. Deferring the effective date of Update No. 2016-02 to annual reporting periods beginning after December 15, 2020, the FASB issued Update No. 2019-10, “*Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Lease (Topic 842)*.” The FASB further delayed the implementation date by one year through ASU 2020-05 “*Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*.” Entities may now apply the guidance in Update No. 2016-02 to annual reporting periods beginning after December 15, 2021, and to interim reporting periods within annual reporting periods beginning after December 15, 2022. The LASPCA plans to adopt this Update as applicable by the effective date.

The FASB has issued ASU 2020-07, “*Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*.” The Update requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB has issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The Update requires the new standard to be applied retrospectively. Entities must apply the guidance in the Update to annual reporting periods beginning after June 15, 2021. The LASPCA plans to adopt this Update as applicable by the effective date.